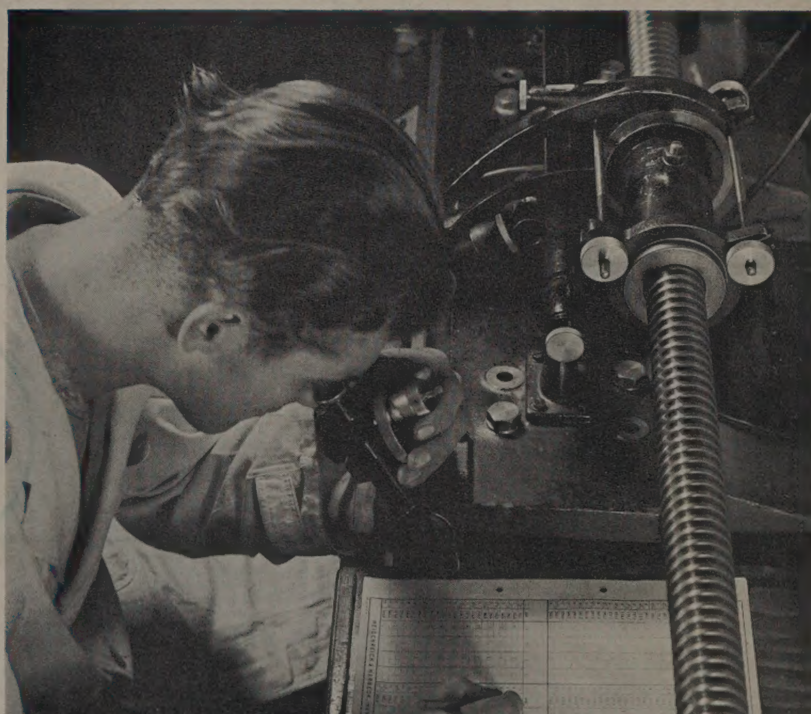
JUNE 21, 1958

foreign trade

ADA



WESTERN EUROPE: A BUSINESS ROUND-UP

foreign trade

Established in 1904

OTTAWA, JUNE 21, 1958 **Vol. 109, No. 13**

cover A young German worker, carrying out guide spindle testing, symbolizes one factor in his country's postwar trade comeback—a hardworking labour force. Germany has become Canada's largest market in continental Europe by a wide margin, as the leading article in this issue, which surveys business conditions and trade possibilities in Western Europe, points out. See pages two to thirty-seven for the complete picture.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister, JOHN H. ENGLISH, Deputy Minister.

Please forward all orders to: The Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

Canada's Trade with Europe

Last few months have seen a slowing-down in the expansion in Western Europe, varying in degree from country to country. Canadian sales to Europe rose by 4 per cent last year; a review of prospects for 1958 emphasizes stability.

L. A. CAMPEAU, *Area Trade Officer for Europe.*

THE easing of the investment boom in Europe in 1957 has made itself felt in a slackening of industrial growth, notably in steel and some branches of engineering. Countries like Belgium (and perhaps West Germany) that are highly dependent on the international market for those products, have felt the pinch to some extent. Countries that adopted credit restrictions as a means of safeguarding their balance of payments—the Netherlands and Sweden, for instance—seem to have been affected first by a slower rate of growth. France and Italy, which tended to give priority to continuing expansion, were the main exceptions, however; in these countries the weakening of demand abroad and, in France, the re-imposition of import restrictions brought a marked hesitation during the last months of 1957 and the first part of 1958. Although the labou market was still tight in many countries and som sectors of industry were still working at full speed, th end of 1957 brought a clear indication that the expan sion in Western Europe of the past few years wa slowing down.

CANADIAN TRADE WITH EUROPE

(in millions of dollars)

	EXPORTS			IMPORTS		
	1955	1956	1957	1955	1956	1957
Austria	6.0	5.2	6.7	2.7	3.9	4.4
Belgium-Luxembourg	53.4	57.8	60.4	29.0	52.7	44.0
Denmark	3.2	3.5	3.5	4.3	6.2	8.6
Finland	1.7	1.9	0.9	0.4	0.5	0.5
France	42.6	53.2	57.5	25.0	32.6	36.2
West Germany	90.7	134.1	151.9	55.6	89.3	97.6
Greece	4.3	2.5	4.1	0.3	0.3	0.5
Ireland	12.8	10.1	8.3	0.3	0.4	1.2
Italy	27.6	37.7	62.8	18.5	24.9	33.0
Netherlands	47.7	54.6	69.8	20.9	23.8	25.4
Norway	47.0	57.7	55.5	2.4	3.8	3.1
Portugal	2.5	1.7	2.6	1.9	2.3	2.7
Spain	4.2	5.1	5.9	6.2	5.7	5.6
Sweden	7.6	7.9	12.1	12.1	17.3	15.6
Switzerland	25.6	33.5	25.0	19.4	22.3	24.7
Soviet countries*	10.7	70.7	29.6	4.7	9.9	10.0
Yugoslavia	0.4	0.2	0.2	0.5	0.9	0.6
Total	388.0	537.4	556.8	204.2	296.8	313.7

*U.S.S.R., Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Rumania.

During the year, the demand for consumer goods an industrial raw materials remained strong, varying i degree from one country to another and pushing u demand for imports, including dollar goods.

Canadian exports to Europe in 1957 rose about 4 pe cent compared with a rise of almost 40 per cent i 1956—or from $537.4 million in 1956 to $556. million in 1957. The greatest change occurred i wheat, as it did in 1956. During 1956 shipments c wheat accounted for close to half of total exports t Europe and for almost 90 per cent of the expo increase. In 1957 wheat exports registered by far th largest individual export decline. Three-quarters c this drop resulted from smaller sales to Soviet coun tries, which in 1956 contributed largely to the boo in total Canadian wheat exports to Europe. Export of seeds rose, with particularly sharp gains for flax seed and rapeseed; aluminum, nickel, asbestos, chemi cals and allied products, iron ore, and iron and ste products also made notable advances. The principa products shipped to Western Europe included whea rye, oats, barley, flaxseed, drugs and chemicals, asbe tos fibres, non-ferrous metals, newsprint paper, far machinery, pulpwood, wood pulp, codfish, canne salmon, canned meats, cattle hides, iron ore, whisk aircraft and automobile tires.

Purchases from Europe

Canadian imports from Europe also attained a ne peak in 1957, with a 6 per cent rise over 1956. Th iron and steel group, which in 1955 accounted fo about one-third of our total purchases from Europ and which continued to be important in 1956, increase its share of our imports from Europe still further la

year, gaining at about the same rate as total imports. The leading iron and steel products—such as rolling mill products, non-ferrous machinery, pipes, tubes and fittings, and passenger cars—showed increases ranging between 40 and 60 per cent. Imports of textiles also rose in 1957, with wool fabrics making the biggest advance.

All of our principal trading partners in Europe stepped up their purchases of Canadian goods in 1957, but especially Italy, West Germany, France and the Netherlands. West Germany boosted its imports from Canada from $134 million in 1956 to $151.9 million in 1957, or almost one-quarter of Canadian exports to Europe by value.

Market Outlook

Canada's exports to Europe represent about 11.2 per cent of our total exports. No great change in this figure can be foreseen because it is difficult in view of the recent development of the European Common Market and the proposed Free Trade Area to predict the long-term outlook for our sales to this market. Europe does have a real interest in obtaining raw materials for industry from the most advantageous sources. Our export trade should therefore continue unhampered although competition, particularly from within Europe itself, will probably increase. Most European countries have liberalized dollar imports to varying degrees. Apart from the liberalized products, many other goods are admitted from Canada, subject to approval of each transaction. Although some European countries still maintain import controls, the broad scope of dollar import liberalization implemented earlier has been retained; a few countries have announced measures to relax restrictions on dollar imports further during 1958.

The following paragraphs indicate briefly the short-term trade prospects in the various European countries.

Austria—The outlook for the Austrian economy appears good. Industrial production in 1957 was higher than in the preceding years and a noticeable shift in demand from capital to consumer goods took place. Wheat continues to be our principal export to Austria, followed by non-ferrous metals, asbestos, and drugs and chemicals. A number of Austrian imports from dollar countries have been liberalized, chiefly raw materials. However, as long as import restrictions on finished products from dollar countries remain, Canadian exports to Austria will probably consist primarily of foodstuffs and raw materials.

Belgium-Luxembourg—Canada carries on a large trade with the Belgium-Luxembourg Economic Union and to this shipments of wheat contribute substantially. Non-ferrous metals, drugs, chemicals, newsprint and asbestos are also important Canadian exports to this area. Only a relatively few products require import licences and these, except for a very few items, are granted freely. Prospects for sales to BLEU are encouraging.

Denmark—Over the past year the over-all foreign exchange position in Denmark has improved somewhat, despite an increase in imports greater than the rise in exports. In 1957 Canadian trade with Denmark remained about the same as in 1956. Certain raw materials and components continue to enjoy a good market in Denmark. Recently trade with the dollar area was liberalized further and although some restrictions still stand in the way of finished products from Canada, active demand in Denmark, plus the easing of restrictions, offers opportunities, although small at present, for expansion of Canadian trade.

Finland—The decrease in Canadian sales to Finland in 1957 resulted from a drop in wheat shipments to that market. However, some Canadian exports increased—drugs and chemicals, burley tobacco, synthetic resins and forage crop seeds. In spite of a liberalization of trade with dollar countries through an automatic licensing system put into effect in 1957, it is unlikely that our exports will rise substantially in the foreseeable future because of the Finns' weak financial position.

France—France in 1957 was the eighth most important market for Canadian goods. Eighty per cent of our exports to that country consist traditionally of raw or base materials such as synthetic rubber, copper, pulpwood, asbestos, wood pulp, flaxseed and plastics. The French Government has recently set up a program to trim imports and the cuts may fall even on industrial base materials. And since we cannot expect, in view of import restrictions, to find a regular market for manufactured goods there in the near future, the prospects for expansion of Canadian sales to France this year appear unpromising.

Greece—Canadian exports to Greece rose in 1957, with notable increases in sales of automobile tires, seed potatoes, aluminum ingots, newsprint, fire bricks. Sales prospects appear good, with foreign exchange available for goods from the dollar countries. Greece is an active market and Canadian exporters must be prepared to meet stiff European competition.

Ireland—Canada's exports to Ireland in 1957 decreased to $8.3 million from $10.1 million the year before. There was a decline in Canadian sales of wheat, wood pulp and newsprint. Other chief commodities entering into the trade are flaxseed, hides, aluminum and lumber. In spite of the restrictions

on dollar imports in force for balance-of-payments reasons, the outlook for Canadian trade appears good if the recent general improvement in the economic situation is maintained.

Italy—Purchases from Canada have been rising with progress in the liberalizing of dollar imports. With larger dollar earnings, Italy has been able to step up imports from dollar countries, and she looks to Canada particularly as a source of industrial raw materials and certain foodstuffs. Opportunities for Canadian manufactured goods are still rather limited.

Netherlands—The Netherlands is a large importing nation and a processor of raw materials. Our principal exports to Holland are wheat, oilseeds, aluminum, pulpwood, mineral products, iron ore, paper and cardboard, synthetic rubber, wood pulp and rye. Canada-Netherlands total trade increased by over 20 per cent in 1957. The future of this trade is promising and it should offer opportunities, particularly to Canadian exporters of materials for industry.

Norway—Canada is Norway's main source of nickel, copper matte and alumina and Canadian mines supply about 10 per cent of Norwegian imports of zinc ore. These, with wheat, flaxseed, drugs and chemicals, and other ores, make up almost 90 per cent of Canadian sales to Norway. Certain imports from Canada were freed from quantitative restrictions in 1957.

Portugal—Canada's trade with Portugal during 1957 showed a different trend from the previous year, with our sales to that country increasing by nearly $1 million and making possible a small favourable trade balance with Portugal compared with an unfavourable balance the year before. Many imports into Portugal from dollar countries remain under strict control and are limited mainly to raw materials, semi-manufactured goods, and machinery and equipment not available from soft currency sources.

Spain—Spain's hard currency reserves continue to be very low. Licences to import dollar goods are few and generally granted only if materials cannot be obtained from other sources. Actual trade with Canada is small and confined largely to essential materials. Under existing conditions, prospects for favourable development of Canadian trade with Spain in the near future do not appear too bright.

Sweden—Total trade between Sweden and Canada in 1957 reached a record high. Sweden is a quality market but a difficult one in which to introduce Canadian manufactures. It is, however, a growing outlet for our primary materials and some other products. There are few import restrictions on goods from the dollar area and Sweden should continue to be a goo[d] market, especially for raw materials, through 1958.

Switzerland—During 1957 imports from Canada fell b[y] over 25 per cent in value compared with the corr[e]sponding period in 1956, mainly because of small[er] sales of Canadian wheat. In 1956, Switzerland w[as] compelled to buy unusually large quantities of whe[at] because of bad crops. With no foreign exchan[ge] problems, prospects for a further expansion in Swis[s-]Canadian trade are good, particularly for ra[w] materials.

West Germany—In 1957 Canada's sales to German[y] exceeded her purchases from Germany by $54.3 mi[l]lion and this export surplus will probably continue f[or] a time. The Federal Republic was again Canada['s] third market, exceeded in importance only by th[e] United States and the United Kingdom. West Ge[r]many's exchange position is very favourable and sh[e] has liberalized a broad range of imports, though th[e] purchase of agricultural products abroad still remai[n] under import control.

Data for Exporters

The International Trade Relations Branch [o]f the Department of Trade and Commerce has pre[]pared bulletins covering shipping documents an[d] customs regulations of the following countries: Au[s]tralia, Belgian Congo, Belgium, Brazil, Chile, Cub[a], Denmark, Dominican Republic, East Africa, Egyp[t], France, West Germany, Ghana, Greece, Guatemal[a], Haiti, Indonesia, Israel, Italy, Mauritius, Mexic[o], Netherlands Antilles, Nicaragua, Norway, Panam[a], Peru, Surinam, Switzerland, United States, an[d] Venezuela. The United Kingdom certificate of origi[n] requirements and other conditions under whic[h] Imperial Preference is granted are covered by Notic[e] No. 27 A issued by the United Kingdom Commis[]sioner of Customs and Excise.

Other pamphlets issued by the Branch inclu[de] "Requirements for Shipping Documents in Europ[e] and Latin America" and "Import Control Regulatio[ns] and Tariff Treatment of Canadian Goods", both bri[ef] summaries in tabular form, and an outline of "Tari[ff] Preferences for Canadian Goods Abroad." For copi[es] of any of these pamphlets, readers should wri[te] directly to the Branch. Data on other countries wi[ll] be compiled from time to time and they will b[e] added to the list.

Trade continues to be brisk and industrial production has risen in

Austria

this year; Canadian sales are slowly increasing. Import restrictions have been relaxed, but those still remaining narrow the range of Canadian exports to this bustling market.

H. K. ROTT,
Office of the Commercial Secretary, Vienna.

THE word Austria may bring to the mind of many a Canadian visions of the blue Danube and of people dancing to the romantic strains of Strauss waltzes. He seldom pictures it as a highly industrialized country with a booming economy nor as a profitable market. Yet the latter view has perhaps a sounder basis in reality.

Austria has fully recovered from the war. It enjoys a measure of prosperity comparable with that of nations to whom nature and recent history have been kinder. Its productive resources are almost fully employed, its currency is stable both at home and abroad, and its capital market is reviving. At the end of 1956 most Austrian economists prophesied a levelling off in the rate of growth of the economy, but 1957 brought a greater expansion (6 per cent) in the real national product than did 1956. This resulted partly from increases in employment and productivity and partly from heavy consumer spending and a big boost in exports. Commodity exports rose from about $900 million in 1956 to about $1,021 million in 1957; imports increased even more—from $973 million to $1,128 million.

The trade deficit was more than made up by higher tourist earnings and some transfers of capital from abroad. Tourism is vital and Austria, ranking third behind France and Italy, earned the equivalent of $146 million from tourists last year. In 1957 gold and foreign exchange reserves rose by 26 per cent to the remarkable total of 13.2 billion Austrian schillings. This is roughly equivalent to half a billion Canadian dollars and is adequate to take care of imports at the present rate for about 5½ months. Commodity deliveries to the Soviet Union required by the State Treaty of 1955 have not handicapped Austrian progress.

Prosperity Is Continuing

The international recession has so far not affected Austria significantly. Since the beginning of 1958 foreign trade has been less buoyant, but large-scale investments at home (in anticipation, to some extent, of the Free Trade Area), the continued large consumer spending, and increased public expenditures have permitted industrial production to expand at a rate of nearly 7 per cent. The reduction of foreign trade so far this year has not affected the balance of payments adversely; gold and foreign exchange reserves are still increasing. Moreover, it is expected that foreign trade will increase further because Western Europe, which absorbs about two-thirds of Austrian exports, has remained relatively prosperous.

West Germany Dominates Trade

The importance of Western Europe in Austria's foreign trade is a postwar development; before 1939 Austria traded extensively with its Central and Eastern European neighbours who are now within the Soviet orbit. At that time about one-third of Austria's foreign trade was carried on with Central and Eastern Europe, compared with only 12 per cent by volume at present. The slack was taken up primarily by the OEEC countries and also by countries of the Western Hemisphere and by new markets elsewhere.

Austria's most important trading partner by far is West Germany which supplies about one-third of Austrian imports and buys about one-quarter of its exports. West German sales to Austria include a long list of finished goods, both industrial and consumer. Its dominance is accounted for by proximity, the advantage of a common language, and above all by aggressive salesmanship and precise knowledge of the Austrian market, plus other factors.

The position of the United States which ranks second among exporters to Austria and fifth among its customers is also of interest to Canada. Commercial relations between Austria and the United States are still influenced by the large-scale U.S. aid provided in the ten years after the war. Austria still imports many of the products it formerly received as gifts, such as corn, wheat, tobacco, and cotton; in 1957 almost half of Austria's imports of coal came from the United States. Only about 10 per cent of U.S. exports to Austria consist of consumer goods. The trade deficit

53898-3—2½

with the United States is to some extent compensated through U.S. surplus disposal programs that indirectly provide capital for Austrian industry and finance off-shore orders placed in Austria for delivery to certain under-developed countries receiving American aid.

Canadian Sales Rising

Austria has so far not become an important customer of Canada but Canadian exports are growing. They totalled only $2.8 million in 1954 but rose to $5.2 million in 1956 and $6.7 million in 1957. As yet the traditional pattern of Austro-Canadian trade has changed little: Austria continues to buy primarily agricultural products and raw materials, among which wheat, asbestos fibre, chemicals and nickel are the most important. Indeed, the increases in 1956 and 1957 resulted almost exclusively from larger shipments of wheat and asbestos. Very few fully processed commodities or consumer goods have been exported to Austria. There has also been no significant change in Austria's traditional trade deficit with Canada. In 1956 Austria's exports to Canada were valued at $3.9 million and in 1957 at $4.4 million; the deficits were thus $1.4 million in '56 and $2.3 million in '57.

Trade Controls Being Relaxed

To husband its supplies of foreign exchange, Austria maintains import and exchange controls. Before 1952 all imports into Austria were subject to a system of restrictive licensing. As reconstruction started to bear fruit and Austrian earnings of foreign exchange increased, import controls were progressively removed. These liberalization measures were more extensive for imports from countries participating in the Organization for European Economic Co-operation than they were for dollar imports. But in view of Austria's improving balance-of-payments position and the increasing degree of convertibility of European currencies, it is possible that dollar liberalization may before long be brought into line with OEEC liberalization.

Liberalized commodities do not require import licences, though the importer must apply to the Austrian National Bank for the necessary foreign exchange. The list of liberalized imports from dollar countries includes several items of interest to Canada, such as crude copper, brass, and other non-ferrous metals (except aluminum, lead or mercury), zinc spelter, lead ore, linseed oil, crude asbestos, fresh lobster, whisky, canned salmon, nylon and other synthetic fibres, new passenger automobiles, and butyl and propyl alcohols. For commodities that have not been liberalized—and these include primarily finished products—the current position appears to be that licences are usually granted for such imports from dollar countries if these products are liberalized when they originate in OEEC countries and if no similar product is being manufactured in Austria. Whether or not a special licence will be granted in an individual case can usually only b determined by making application.

New Tariff Coming

As long as imports into Austria were fully controlle through licensing, the customs tariff was perhaps o secondary importance. As controls are removed pro gressively, the competitive position of imports is increas ingly affected by tariff rates. The new Austrian Tariff which will go into effect on September 1, 1958, doe not seem to incorporate major changes in the leve of duties compared with the present schedule an generally provides for ad valorem rates of up to 10 pe cent on raw materials, up to 20 per cent on semi finished products, and up to 30 per cent on finishe goods. Many goods will continue to enter duty-free The tariff concessions negotiated under GATT will o course remain in force when the new tariff become effective.

The prospective exporter to Austria should know tha bank financing is expensive in this country. With ban interest rates at 10 per cent and more, his Austria customer may ask him to agree to payment withi 90 days. These are the normal terms for busines transactions in Austria—varying, of course, with th commodity.

Future Trade Prospects

As long as the current import restrictions are main tained, Canada's exports to Austria will probably con sist primarily of foodstuffs and raw materials. Miller in this country appreciate the high quality of Canadia wheat and the extent to which the demand for it wi be satisfied depends largely on foreign exchange sup plies. The market for asbestos is also a fairly stead one. The demand for Canadian furs may also increase a Canadian Fur Salon Display held in Vienna early i April under the auspices of the Department of Trad and Commerce met with signal success and gives ris to the hope that Canadian fur exports may rise But here again it is the basic product rather than th finished garment which has the best chance. Certai canned fruits and vegetables and canned fish (particu larly salmon, lobster and sardines) appear to hav prospects of modest sales. The market for manufac tured goods is a difficult one partly because small bu densely populated Austria has a fairly well-develope industry of its own. Competition from other Europea sources of supply is also keen—and they are muc closer.

The technique of selling to this market varies wit the commodity. Certain products such as nickel a being exported direct to the end user; for others, may be advantageous to establish production unde licence in this country. Most commodities can onl be sold through a local agent who is fully familiar wit conditions here.

Canadian participation in last year's Vienna Fall Fair was well received and served to acquaint this market with some of the products Canada has to offer; Canadian goods will again be shown at the Vienna Fall Fair to be held from September 7-14 of this year. However, Canadian exporters should realize that this is a small, conservative and highly competitive market which needs special study, careful choice of agents, and personal visits to ensure worthwhile results.

Industrial slowdown is affecting certain basic industries in

Belgium

Exports and imports have fallen in '58, but trade surplus achieved in first two months. Canadian firms interested in this market should stress quality and competitive prices.

L. H. AUSMAN, *Commercial Counsellor, Brussels.*

THE deterioration of economic conditions in Belgium, although it is not by any means serious, is now definitely reflected in the various indices of industrial production, employment, foreign trade and finance. Prices both of goods and of money are weak, although the balance-of-payments deficit has been wiped out. The situation in Belgium differs from that in other countries only in degree. One of the banks has estimated that, in its opinion, the position of Belgium and the Netherlands is somewhere between the United States (recession) and the United Kingdom and Germany (slackening in rate of activity).

Industrial Picture Mixed

In industry the trend towards expansion mentioned in a previous report* has now run its full course. According to provisional figures, there was actually a decline of 5 per cent for the first quarter of 1958 compared with the corresponding period last year. This falling-off is concentrated for the most part in capital and durable consumer goods, especially the latter. In contrast, the production of non-durables continues to rise. Among the industries most seriously affected are coal, steel and manufactured metal products, textiles, chemicals and building products. In some cases, stocks of finished goods are piling up—particularly in the collieries, the brick industry and some branches of the textile industry. This situation reflects the decline in over-all demand and stems from the uncertainty both in home and foreign markets.

Coal output has been affected by a decrease in manpower and the introduction of two non-working days per month. In spite of this, however, because of a contraction in domestic demand and the import of low-priced coal from the United States, pithead stocks have increased. At the end of March they stood at 3,219,014 metric tons compared with only 1,412,984 tons at the end of 1957.

Steel production has been falling since the beginning of the year and for the first quarter, production was 5 per cent less than in the same period a year ago. This results from Belgium's heavy dependence on foreign markets, as the decline is, to a large extent, accounted for by exports to countries outside the European Coal and Steel Community. In manufactures of metal, orders for January showed a drop of 18 per cent compared with January 1957. The only bright spots were one or two substantial orders in the electrical engineering field and the Belgian contribution towards the construction of a large steel mill in Portugal by a Belgo-German consortium under German management.

The textile industry presents a similar picture and the diminution of orders has become serious. The contraction of foreign demand has been accompanied by an increase in sales of imported articles on the home market. Almost every branch of the industry has been affected by the decline in business and export figures have also fallen.

The building industry too has passed its peak and this has affected the market for building materials. Cement production has continued to decrease and is now 13 per cent below the level of a year ago, largely because of reduced shipments to other countries.

*See "A Look at Belgian Business" in *Foreign Trade* of April 12, 1958.

The old and the new are strikingly contrasted in this picture of Brussels, host to the world this summer. In the foreground, construction for an underground railway goes on; the line will run beneath the church of St. Michael and St. Gudule.

Recovery of the flat glass industry has been hampered by a decline in exports.

Employment generally is on the downgrade. Since October 1957 it has been below the corresponding figure for the previous years. Unemployment on a daily average for March totalled 211 thousand as against 112,800 for March 1957. The decline is most marked in the textile, metal and building industries and in the activities of the Port of Antwerp.

Trade Trends in '58

The export situation reflects considerable uncertainty. The total value of exports for the first quarter was 5.6 per cent less than in the same period in 1957, when the effects of the Suez crisis were still being felt. Textiles and base metal industries led the decline; exports of machinery remained more satisfactory.

The pronounced downward movement of imports reflects both smaller volume and lower prices. The trade deficit of over $200 million recorded in 1957 has been converted into a surplus totalling $22 million during the first two months of this year.

Partly because of this reversal in the balance of commodity trade, the balance-of-payments deficit has been wiped out. The net gold and currency reserves rose by $81 million over the period January to March. Belgium's position in the European Payments Union has improved since October. In both February and March—mainly through the placing of a loan in Germany—surpluses of $30 million were achieved. As a consequence, Belgian holdings of hard currency have gone up.

The effect of this accumulation of foreign exchange was, however, almost entirely offset by the contraction of domestic credit. Principally by means of borrowings from other countries and tenders of Treasury Certificates, the Government was able to repay part of its debt to the Central Bank. Consequently the excess credit obtained in October (see earlier article) was entirely cancelled at the beginning of February.

Prices Have Declined

The current recession is gradually having its effect on prices, though this varies from one industry to another. An examination of prices of goods at various stages of production shows the decline as general, although it is heaviest in raw materials and semi-manufactured products. World prices have had an influence on this movement. Retail prices, after rising continuously for a long time, in recent months have fallen off.

Effect on Trade with Canada

To the extent that Canadian prices of raw and semi-processed materials and grain are in line with current world prices, there is every reason to believe that they may be acceptable to Belgian buyers. Canadian firms that have not had occasion recently to quote prices should do so to let their Belgian customers know that they are still competitive. As a country with very few import or exchange restrictions, Belgium receives offers from all parts of the world. These offers are in most instances, made by firms experienced in export and prepared to meet the individual specifications of their customers. Not only do they quote C.I.F. and even duty-paid delivered prices, but they frequently alter the product, its packing or labelling, to meet local preferences and needs.

In view of the present severe competition in consumer goods, Canadian firms must go as far, if not farther to obtain business. They should pay special attention to local characteristics, such as electrical current and the type of wiring needed to meet Belgian regulations. Because many products in Canada have packages labelled in French as well as in English, this should be a decided advantage when these packages are offered for sale in Belgium where French is one of the two languages.

Price, however, is very important and many Canadian manufactured products are at present too expensive to interest Belgian buyers. As long as this situation exists Canadian products can be sold only on the basis of quality. "Canada for Quality" must be more than a good slogan. It must be the basis for retaining or expanding our market in Belgium. Unfortunately, quality and quality prices do not necessarily go hand-in-hand with volume sales. However, in manufactured products Belgian purchases from Canada are spread over a wide range of items and adjustments in certain lines are possible without seriously influencing our total trade pattern. These remarks do not, of course, apply to such major exports as grain, minerals, metals, chemicals and pulp and paper.

Although the Belgian economy is undoubtedly affected by the world-wide recession, there are not, at the moment, any signs of an alarming slow-down. Private consumption should not slacken off during the next few months. If for no other reason, the World's Fair and the influx of foreign visitors will maintain demand for many consumer goods. On the other hand, investments both at home and abroad are on the downgrade. At the moment, it is not certain whether, and to what extent, foreign demand for Belgian products will be influenced by economic developments in the United States and other countries. The next few months will show how Belgium, with other European countries, will withstand any such pressure.

Rise in foreign exchange reserves has brought further trade liberalization in

Denmark

and should help boost Canadian sales. A look at what the U.S. sells to the Danes may suggest new trade opportunities to Canadian exporters.

C. F. WILSON, *Commercial Counsellor, Copenhagen.*

DENMARK, with a population of about 4½ million, is one of the smaller nations of Europe. Its main physical assets are climate and soil; there are few mineral resources. To these, the Danes have added a remarkable efficiency in agricultural production which gives the economy a relative strength even when agricultural prices are low. The Danes also have a flair for industrial design which helps to keep their light industries competitive.

Although concern about the balance-of-payments problem is always being expressed, some improvement in liquidity has taken place over the past year despite declining farm prices. Lower freight rates and other factors (such as lower prices elsewhere) have resulted in smaller import costs. In addition, a reduction in inventories has helped to narrow the gap between imports and exports; this is evident in the following table.

DANISH IMPORTS AND EXPORTS

(in million D.Kr.)

	1956	1957	Oct. 1957	Nov. 1957	Dec. 1957	Jan. 1958	Feb. 1958	Mar. 1958
Imports	9,015	9,348	820	810	757	884	682	687
Exports	7,562	7,982	717	740	738	689	644	736

Whether this improvement will be maintained is uncertain. Fiscal measures introduced by the Government last summer not only cut consumer expenditures but also tended to discourage investment; industrial production during the first quarter of 1958 was about 1 per cent lower than during the same period in 1957. Furthermore, the prices of agricultural exports, particularly butter, have dropped sharply and increasing agricultural production in Europe is bringing expressions of concern from the Danes over the future of their exports.

Measures to encourage investment included the National Bank of Denmark's reduction of the bank rate by ½ per cent to 5 per cent in April. A Credit Institute is to be established to assist in financing industry and handicrafts in much the same way as the Industrial Development Bank does in Canada. A capital of 60 million D.Kr. has been subscribed and it is hoped that the Institute will begin operations next autumn.

Trade Liberalization Extended

Following the improvement in the foreign exchange position, the Government in February took another step in its trade liberalization program by transferring to the ordinary list of goods that may be imported freely from dollar countries, without import licences, a num-

ber of products previously under licence and subject to individual application.

Of particular interest to Canadian firms is the fact that asbestos imports are now licence-free. Other products of interest liberalized this year include iron and steel scrap, ferro-alloys, primary iron and steel, joists, girders, angles, hoops, strips, rails, mineral waxes and paraffin. Feed grains also no longer require import licences. However, legislation has been introduced into the Danish Parliament which, if it is passed, could result in compensatory taxes on imported feed grains to support domestic prices and provide minimum price supports for domestic bread grains. The Government also tabled legislation to establish a central sales office for agricultural products with the duty of supervising sales in the domestic and export markets.

How Canadian Exporters Fared

The measures of trade liberalization outlined above provide opportunities for some expansion of Canadian exports to Denmark. This trade has remained relatively static at about $3.5 million a year for four years, partly because of the restrictions that still apply on imports of finished goods from Canada. Danish exports to Canada have pushed up to more than $8.5 million in 1957.

Generally speaking, Denmark buys finished goods mainly from non-dollar sources; with many of these countries, she has bilateral trade and clearing agreements.

An examination of Canadian exports to Denmark shows that asbestos products; synthetic fibres, threads and yarn; commercial fishing nets and twine; fire brick; nickel products; bright flue-cured leaf tobacco, and

PRINCIPAL CANADIAN EXPORTS TO DENMARK

(in Canadian dollars)

Increased in 1957	1956	1957
Commercial fishing nets and twines	79,735	147,155
Automobiles over $1,000	33,781	261,421
Asbestos milled fibres	646,194	871,204
Asbestos waste	89,660	112,577
Nickel products	10,887	32,939
Threads and yarns	22,591	92,903
Fire brick	8,805	66,725
Bright flue-cured leaf tobacco	60,217	91,324
Linseed oil cake and meal		286,584
Wheat	338,729	364,130

Decreased in 1957	1956	1957
Drugs and chemicals	428,491	408,754
Synthetic resins	77,221	55,531
Whisky	73,208	50,010
Bookkeeping and calculating machines and parts	79,231	52,259
Copper rods, strips and sheets	293,360	63,587
Sparkplugs	60,715	31,140

passenger motor cars made satisfactory gains in 1957 sales of Canadian linseed oil cake and meal, which did not figure in the 1956 trade, last year reached a substantial figure. Major items with a small decline in sales included drugs and chemicals, synthetic resins bookkeeping and calculating machines and parts, and whisky. Sales of copper rods, strips and sheets decreased sharply.

Canadian exporters must expect competition in the Danish market, particularly from the United Kingdom West Germany, Sweden and the United States, as the table illustrates:

DANISH IMPORTS IN 1957

(million D.Kr.)

From	United Kingdom	2,285
	West Germany	1,802
	United States	926
	Sweden	840
	Canada	20

The proximity of the United Kingdom, West Germany and Sweden—which means fast deliveries, lower freight costs and easier personal contacts—presents Canadian firms with stiff competition. However, Canadians are on an equal footing with United States exporters in the Danish market. The latter have explored Danish trade opportunities rather thoroughly and an examination of the figures on U.S. exports to Denmark may give Canadian exporters some useful clues. Except for fuels, certain oilseeds and cotton, Canadian exporters of the following goods should be able to compete effectively:

SELECTED DANISH IMPORTS FROM CANADA AND THE UNITED STATES

(in million D.Kr.)

	From Canada	From U.S.
Grains and grain products	3.2	78.2
Feedstuffs	2.8	42.2
Tobacco	0.6	77.8
Oil seeds and nuts	0.2	142.1
Spinning materials		40.0
Raw minerals	2.5	12.9
Fuel		210.3
Chemical raw materials and compounds	0.8	8.1
Pharmaceutical preparations	0.9	10.8
Other chemical products	0.3	25.9
Base metals	0.7	31.6
Machinery	1.1	41.0
Electrical machinery	0.1	18.2

Trading with Denmark

Denmark's import business is largely conducted throug[h] Danish commission agents who represent foreign manu[-]facturers. The number of agents is large and the[re] is keen competition among them. Canadian exporte[rs] who have not yet appointed agents in this country a[re] therefore advised to consult the Commercial Counsello[r]

Copenhagen, providing full details about their products, methods of marketing, and any other information useful in deciding on a suitable type of agent. The value of personal contacts cannot be over-emphasized, and Canadian exporters visiting the United Kingdom or the Continent may find it well worthwhile to include Denmark in their itinerary.

In appointing agents, Canadian exporters should preferably choose those who have offices in Copenhagen, Odense on the island of Fyn, or Aarhus and Aalborg in Jutland. Payments are normally on the basis of sight draft or cash against documents. In the early stages of business relations and where major Danish establishments are not concerned, payment by letter of credit is often advisable and generally agreed upon.

There are no Danish consular requirements for Canadian exports although certificates covering the import of livestock must be legalized by a Danish Consul. Canadian exporters should provide the Danish importer with commercial invoices and ocean bills of lading at least in duplicate, and where customs duties are paid on an ad valorem basis, with insurance certificates also. Detailed information on documentation and customs regulations for shipments to Denmark is given in a bulletin that can be obtained from the International Trade Relations Branch of the Department in Ottawa.

Decline in world markets for its all-important forest products brought

Finland

economic problems in 1957 which still persist. Total Canadian exports to Finland dropped, though sales of some commodities increased.

A. P. BISSONNET, *Commercial Secretary, Stockholm.*

THE downward trend of business in Finland during the last two years continues and, except in a few sectors, there is little sign of improvement. Finland's economy depends largely on exports of raw materials and semi-finished goods from its forest industries, and it was seriously affected by the decline in world demand for these commodities.

During 1957, living costs rose by 8 per cent and wages by about 3 per cent. Farm income fell off slightly, mainly because certain state subsidies were cut. The number of buildings completed during the year declined slightly, but construction of roads and waterways was accelerated through additional public works undertaken as a result of an average increase in unemployment of about 10 per cent.

Liberalization Extended

The Finnish currency was devalued by 39 per cent in September 1957, principally because of the increasing difference in costs in Finland and abroad. At the same time, about 75 per cent of imports from Western European countries were freed from quantitative restrictions and in December trade with the dollar countries was liberalized significantly through an automatic licensing system. Stricter rules of payment for imports, a special levy on export proceeds, mainly on forest products (these are now gradually being reduced and may be eliminated entirely by the end of this year), and the adjustment of values after devaluation combined to assist in preserving and increasing the foreign exchange reserves. It was expected that Finland's forest products would find better markets abroad and that increased imports would help to offset inflationary trends within the country. However, the desired results were not fully achieved because of external and internal circumstances; wage-price inflation is continuing and the economy is still depressed.

The volume of industrial production in Finland in 1957 was approximately 4 per cent lower than in 1956. It is significant, however, that the decrease in production in the vital export industries—forest products—was only 1 per cent compared with 5 per cent in the home-market industries.

Lumber and Wood Products

Of most interest to Canada, of course, is what happened in the forest products industries where devaluation encouraged production for export.

Cut for Sale—In 1957 the cut for sale totalled 40,919 thousand cubic metres (piled measure) compared with 36,623 thousand in 1956. This total figure includes the following categories:

53898-3—3

	1957	1956
	(thousand cubic metres piled measure)	
Fuelwood	9,824	7,228
Spruce pulpwood	13,000	12,076
Pine pulpwood	6,281	5,085
Large size softwood	7,429	8,693
Large size hardwood	1,342	1,475
Pitprops	1,835	1,389
Poles and other timber	1,208	677
Total	40,919	36,623

Despite the fact that logging results were more than 6 per cent better, the labour force engaged in logging timber for sale declined 10 per cent during the year. The greater use of power saws, calculated at about 20,000 at the end of 1957 as against 15,000 the previous year, was the main reason.

Sawn Goods—Total production amounted to 825 thousand standards, compared with 810 thousand in 1956.

Plywood—Production totalled 295 thousand cubic metres (260 thousand in 1956).

Fibreboard—Production totalled some 131,500 tons (130,900 in 1956).

Round Wood—Total exports dropped by 8 per cent to 4,063,159 cubic metres, of which 2,307,969 was pulpwood and 1,409,637 pitprops; the corresponding figures for 1956 were 4,424,008, 2,456,857 and and 1,509,637.

Plywood—Exports increased by 13 per cent from 229,834 cubic metres in 1956 to 259,826 in 1957.

Sawn Wood Products—Total exports increased by 11 per cent from 648,030 to 718,809 standards.

Wood Pulp—In line with Swedish producers, Finland reduced production of unbleached sulphite and unbleached sulphate pulp to conform with current market conditions. Production of these is being cut this year to approximately the level of actual sales in recent years.

Total production of chemical pulp in 1957 amounted to 2,075,700 tons compared with 1,859,100 in 1956. Mechanical wood pulp totalled 168,100 against 185,100 in the previous year.

Exports of chemical wood pulp (sulphite) reached 697,485 tons in 1957 compared with 678,812 in 1956; sulphate exports increased to 474,192 tons from 452,270; mechanical wood pulp exports fell to 164,787 tons from 185,520.

Paper and Board—Production of paper and board in 1957 increased from 1,397,000 metric tons in 1956 to 1,553,000 tons. Of this amount 617 thousand tons were newsprint (1956, 596 thousand), kraft paper 222 thousand tons (199 thousand), other paper 327 thousand tons (308 thousand). Board production reached 387 thousand tons compared with 294 thousand in 1956.

Finnish exports of paper and board increased in al categories to 1,239,000 tons compared with 1,102,00 in 1956: newsprint 551 thousand tons (1956, 53 thousand), kraft paper 170 thousand (142 thousand) other paper, 228 thousand (213 thousand), and boar 290 thousand (210 thousand).

Engineering Output Up

Production in this branch of industry increased b 2 per cent in 1957. Although the Finnish engineerin industry produces primarily for the home market, paper mill is being made for Pakistan. The mill wi have a capacity of 200 tons of newsprint and printin paper every 24 hours and will start operating in th spring of 1959. More recently an order has bee received from Brazil for a cellulose plant with capacity of 25,000 tons of bleached sulphate a year

Finnish shipyards have received orders in recent month for 51 ships totalling 174,500 tons.

Crops Damaged

In common with the other north European countries Finland's crops suffered considerable damage from th rainfall in the late summer. Cereals suffered mos because the quality was poor, although quantity wa up to the 1956 crop level. Normally Finland woul be a commercial market for quality Canadian wheat However, almost all its recent imports of wheat hav come from Russia and the United States against long term credits.

Foreign Trade

In 1956 Finland recorded a balance-of-trade deficit o 25,600 million Finnmarks as compared with a sma surplus in 1955. The much lower foreign exchang reserves which corresponded to imports of about on month would not have been sufficient to cover similar deficit in 1957. As a result, imports wer curtailed in December 1956 and they were agai severely restricted in the second half of 1957, followin a trade deficit of 22,000 million Finnmarks in the firs half of the year. The result of this action, togethe with devaluation in September, was that for th remainder of the year there was a surplus in the foreig trade balance. Import control was applied during th year and for a few months there was no announce policy on imports from the dollar area. In Decembe

FINLAND'S TRADE WITH SELECTED COUNTRIES

(millions of Finnmarks)

	Imports		Exports	
	1956	1957	1956	195
United Kingdom	41,575	39,958	38,157	46,04
U.S.S.R.	28,381	40,356	34,162	41,58
West Germany	23,990	25,911	15,401	18,83
United States	13,221	12,767	11,854	10,72
Canada	394	196	114	14

three months after devaluation, a dollar-free import list was published and this has since (April 1958) been expanded somewhat further.

Finnish exports in 1957 increased in volume by about 8 per cent over 1956 (77 per cent of which represented products of the timber industry); imports dropped by 2 per cent. Finland's principal trading partners in 1957 were the United Kingdom, the U.S.S.R., West Germany and the United States, in that order. Trade with the Soviet bloc showed a small but steady increase during the year from 27 to 29 per cent of the total. Total imports were up in value to 227.4 thousand million Finnmarks (1956, 203.5 thousand million), and exports also increased to 211.5 thousand million Finnmarks (1956, 178.0 thousand million), thus making a year-end deficit of 15.9 thousand million Finnmarks. In the first quarter of this year, imports declined 22 per cent compared with last year; exports in the same period dropped 8 per cent.

Trade with Canada

Canadian trade with Finland in 1957 (exports plus imports) totalled $1.4 million, a drop from $2.5 million in 1956. However, in 1956 Canada exported wheat valued at $1.13 million, a market which (only temporarily, it is hoped) has not been renewed. Canadian exports to Finland in 1957 were valued at $940,120 (1956, $1.95 million), and our imports from Finland at $481,946 (1956, $526,686). This year, Canadian exports have shown notable increases in forage crop seeds, burley tobacco, synthetic resins, and drugs and chemicals. Finnish exports to Canada of furskins and pelts and of granite have fallen off; building board, however, shows an increase.

Export prospects in the Finnish market in 1958 should be assessed in the light of the rather poor business conditions prevailing. Businessmen are advised to study the dollar free list available from the Department of Trade and Commerce* to decide whether or not their products are marketable here. Transit transactions are still possible but are generally not encouraged by the Finnish authorities.

Businessmen contemplating business with Finland should note that the Finnish market is well organized, with many central buying organizations, business and industrial associations, etc. Finnish resident agents are recommended and are usually men of high standing using modern sales techniques. Payment terms vary, but normally cash against documents and open credits of 30 to 90 days, depending on the goods involved, are used.

*See also issues of *Foreign Trade* of January 18, 1958, and May 10, 1958.

Stagnation in exports and continuing payments deficit are forcing

France

to consider further cuts in imports; industrial raw materials may be affected. Prospects are for a static market for traditional Canadian exports to this country.

R. CAMPBELL SMITH, *Commercial Counsellor, Paris.*

TWO-and-a-half years ago Canadian exporters saw the first encouraging signs that another market in Europe might soon open its doors to control-free trade. In January 1956, France lifted import controls on 11 per cent of its current imports from Canada and the United States. Canadian producers of wood pulp, pulpwood and furs could again do business unhindered by administrative formalities. Many of our other producers meanwhile were doing well in this market within the framework of liberal import quotas for essential commodities such as flaxseed, synthetic rubber, copper, asbestos, newsprint, zinc ores, plastics, agricultural machinery components, and even wheat.

French industry was forging ahead at a rate rarely equalled anywhere on the continent. Exchange reserves were rising and permitted ample base-material imports necessary to maintain expansion. The Suez crisis and a crop failure almost immediately threw a shadow over the scene, however, followed not long after by accelerating inflation. By late 1956, reserves were falling rapidly and early last year measures to halt the drain were introduced. These proved insufficient and on June 18, 1957, import controls were reapplied to all but a few goods, the only exceptions being those supplied under bilateral agreements. Trade was virtually frozen at the 1956 level. A 20 per cent devaluation of the franc followed in two stages—in August and October. By this time, however, reserves

53898-3—3½

This great dam at Gèdre in the Haute Pyrenees typifies the power developments that have been carried out in France since the war ended, designed to supply the needs of French industry.

were almost exhausted and outside help was urgently needed if production was to be sustained and the price spiral held in check.

Setback in the Recovery Program

Financial aid came last January from the International Monetary Fund, the Export-Import Bank, and Germany through the European Payments Union. France received advances and credits totalling $655 million on the understanding that exchange equilibrium would be restored by June 1959. The Government proceeded on the basis of an import program which would permit production to continue expanding at the modest rate of 1.5 per cent in 1958 and still meet the obligation to OEEC of lifting controls on 60 per cent of her imports, beginning this June, and rising to 75 per cent beginning next December. Thus, the import program for the first half of this year was set at 900 billion francs (about $2 billion) and at about 850 billion francs for the second half, as compared (at the present exchange rate) with 1,930 billion francs for the whole of 1957 and 1,800 billion for 1956. The export goal was put at 1,500 billion francs. For the year as a whole, an average deficit in commodity trade of 250 billion francs hence became the Government's minimum objective for a balance-of-payments recovery in 1959.

Export Target Not Reached

In April last, new clouds began to form. The external trade gap was running consistently above the minimum at an average of just under 41 billion francs a month, or 64 per cent higher than the adopted norm. The main trouble lay with the stagnation of exports in this period at 9 per cent below target level; imports were held to within 2 per cent of the program. Exports were paying for an average of less than 73 per cent of imports instead of the desired minimum of 85 per cent.

Coupled with adverse trade developments, however, has been a deficit on payments account and some observers warn that, on present terms, the country will be faced with another payments crisis by next October or November. This situation is one to which the French Government has announced it must give urgent consideration, irrespective of other issues. Mr. Pflimlin stated before the National Assembly on May 13: "The French economy is under a grave menace . . . The inflationary tension persists. What is most preoccupying of all is the persistence of our payments deficit, which could end . . . in the rapid exhaustion of exchange reserves available to us . . .". The Prime Minister blamed the trade gap which, he added, has been aggravated by present world conditions and rising French export prices. He appealed for discipline on prices and wages and said that "our dominant concern must be to maintain employment".

New Measures Expected

The administration is currently engaged in drawing up plans which will enable the country to husband its exchange reserves and at the same time impose minimum sacrifices on the worker and industry. As yet no measures have been announced, other than a reduction in travel allocations. The general character of possible new recovery measures has, to some degree, however, been anticipated in current reports from usually well-informed sources. The consensus is that the Government (which is slowing down the delivery of import licences for the present half) has decided on cuts in the import program for the second six months of 1958. These cuts are considered likely to fall on industrial base materials which comprise two-thirds of the country's present priority imports, or program A. It is predicted that the six months' requirements of about $800 million will be cut significantly. The remainder, or about 40 per cent, of program A consists chiefly of energy requirements; other measures to discourage these imports are reported to be under consideration.

The Government has decided—in the face of imperatives—on further economies and it is clear that imports, however important, will be trimmed. Until world trading conditions take a turn for the better, France will be at best a static market this year for the commodities Canada traditionally sells in Europe. In certain goods there may be a falling-off. As soon as the Government announces the changes in the import program and its intentions with regard to possible reliberalization measures, it may be possible to venture an opinion on

the commodity-by-commodity outlook in a subsequent report. Meanwhile, Canadian producers must look to increasing their share of French purchases under global quotas. A summary of these quotas appeared on pages 28 and 29 of *Foreign Trade*, September 28, 1957. Copies of the quota list in full, dated July 31 and August 8, 1957, are available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

This report was forwarded by Telex on May 23, and outlines the situation in France as it was then—Editor.

Mounting imports and the laying-up of ships are worrying authorities in

Greece

and measures to limit purchases abroad may come. Development program may open up opportunities to Canadian engineering firms and suppliers, if they have active Greek agents.

A. B. BRODIE, *Commercial Secretary, Athens.*

THE favourable economic position which Greece enjoyed at the end of 1957 began to exhibit certain weaknesses before the close of the first half of 1958. Imports at $140.3 million during the first four months of 1958 ($117.6 million for the same period in 1957), coupled with increased payments on invisibles, contributed to a rise in the balance-of-payments deficit to $9.1 million for this period ($7.1 million for the same four months in 1957). More than 433 Greek-owned ships were reported laid up at the end of the first quarter, leaving some 7,000 Greek seamen unemployed. Gold and dollar holdings fell to $176.5 million at the end of March compared with $199.3 million on March 31, 1957.

Imports Continue to Mount

The Greek authorities have expressed their concern about the continuing increase in imports. During 1957, they reached $489.8 million ($457.7 million in 1956) with foodstuffs ($102.0 million), industrial raw materials ($75 million), machinery and metal manufactures ($65.7 million), petroleum products ($54.1 million), paper and pulp ($15.4 million), and timber ($16.5 million) making up the bulk. The Karamanlis Government (National Radical Union), which was re-elected on May 11, 1958, is reported to be considering the introduction of measures to limit imports, but it is not expected that the present free import policy, which has been in force since April 1953, will be changed. Measures such as bank credit restrictions have been mentioned as a means of reducing the flow of some of the non-essential and luxury goods that Greece is currently importing.

To close the trade gap and conserve foreign exchange (the trade deficit at the end of 1957 was $266.9 million) two-way trade with the Eastern Bloc countries is receiving greater emphasis. These countries continue to be large buyers of Greek citrus fruits and tobacco. Exports from the Eastern European countries to Greece are growing and include lumber and plywood, tractors and other agricultural machinery, petroleum products, wire and cable, chemical fertilizers, electrical equipment, radio receiving sets, railway freight cars, automobiles and other vehicles, machinery and equipment of all types, road construction machinery, scientific, medical and surgical equipment.

Canada's Trade Position

Canadian exports to Greece are not large although they have grown from $1.5 million to $4.5 million in less than four years. Imports from Greece into Canada barely reach $700 thousand a year. With olives, wines, sponges and oriental tobacco making up most of these imports, there is little likelihood that this pattern of trade will change substantially in the near future. The improved grading of Greek oranges and lemons makes this country a potential supplier of fruit for the Canadian market. Inquiries from interested Canadian fruit importers will be welcomed and attended to promptly.

The flow of Canadian goods to Greece over the past few years has included, among other commodities, the following:

Semi-processed materials: aluminum ingots, newsprint, sulphite pulp.
Agricultural products: wheat (durum), flour, cheese, powdered milk, flaxseed, seed potatoes, tallow, fish.
Agricultural machinery: harvester combines, tractors, ploughs.
Manufactures of metal: wire rod, steel sheets, bolts and nuts, wire cables and conductors.
Synthetic textile fibre.
Synthetic resins, including polystyrene.
Oil burners, automobiles, tires, fire bricks.

The Greek tobacco farmer relies on help from his family from the time the crop is planted until it is sun-cured (as shown here) and ready for market. Tobacco ranks as the chief Greek export crop and earns as much as $65 million a year. Canada buys small quantities of this Oriental type tobacco each year.

Development Program Continuing

The investment program set out in the proposed 1958 Budget takes up 18 per cent of the total budget. The items of possible interest to Canadian firms include:

Land improvement, irrigation, flood control, reclamation $13.3 million.

Local prefecture programs (including small utility projects) $13.3 million.

Fruit and vegetable production $4.3 million.

Tourist trade $4.9 million.

Mining $13.4 million.

Communications (road construction, railways, airfields) $2.5 million.

Five-year public power corporation program (includes projects under construction, new hydro-electric sites, transmission lines) $22.4 million.

What Canadian Firms Can Do

Greece continues to be a very competitive market but one which is still wide open to Canadian firms who are willing and able to accept certain conditions. These include:

- The granting of credit terms to responsible Greek firms—almost a prerequisite for the sale of many commodities in the Greek market.

- The importance of price and prompt delivery. Canadian firms using European in-transit warehouses can better effect deliveries to Greece. The Greek authorities are stressing the importance of minimizing the freight component of C.I.F. quotations.

- For certain Canadian products, an aggressive advertising program.

- The appointment of an active agent; this is imperative for Greece's development program tenders. Canadian engineering firms would be well advised to associate themselves with reputable Greek construction companies on the basis of partnerships or by granting retainers. Most Greek construction tenders call for long-term payment terms which a great many European and U.S. firms are prepared to accept.

Problems to Be Faced

In spite of a smaller but still substantial 1957/58 U.S. aid program of $46 million, Greece may face certain problems before the close of the current year. Possibly the most pressing one will be finding new export markets for unusually high stocks of tobacco leaf—a product which makes up about 40 per cent by value of Greece's total exports. This tobacco may not be fully absorbed by the customary markets. To a lesser degree, cotton will also be in surplus, with few assured buyers. These export problems, coupled with a sharp falling-off in shipping remittances, are expected to add certain strains and stresses to the Greek economy.

Tour of Territory

R. D. SIRRS, Assistant Commercial Secretary in Caracas, Venezuela, will visit Maracay, Valencia, Puerto Cabello and Morón during the latter part of August. Businessmen who would like Mr. Sirrs to undertake assignments should get in touch with him at Caracas as soon as possible.

Industry and agriculture step up production and import restrictions are eased as

Ireland

moves toward greater economic security. Canadian sales may rise if the Republic can maintain its exports and allow freer imports without endangering industry.

H. A. GILBERT, *Commercial Counsellor, Dublin.*

THE Republic of Ireland's economic situation improved during 1957, both internally and externally. For the first time in ten years the balance of international payments showed a surplus—some £9.2 million, according to recent provisional figures. Exports in 1957 were valued at £131.2 million and imports at £184.8 million. The excess of imports over exports, which totalled £53.6 million, was the lowest in eleven years.

Most encouraging was the gradual expansion in agricultural output, which is estimated to have increased 3 to 4 per cent. The decline in industrial production, which persisted in 1956 largely because of measures taken to correct the external payments deficit, continued in the first half of 1957. But an upsurge in the December quarter boosted the volume of production index in manufacturing industries to 109.8 (1953=100) compared with 101.0 a year earlier.

Among the factors which contributed to the quickening in industrial activity were the rise in incomes, the relaxation of some import levies, the removal of restrictions on instalment buying, and the tax incentives to increased production and investment introduced in the 1957 Budget. If this heightened industrial activity continues, it undoubtedly will bring with it an increased demand for imports. This is the crucial problem for the Republic's industry: unless exports continue to rise, the growth of the economy cannot be sustained nor can there be any further relaxation of import restrictions.

Employment, Prices, Finance

The rise in unemployment, particularly rapid in the latter half of 1956, continued into 1957 but an improvement towards the end of the year has been maintained in 1958. The average monthly percentage of unemployed among insured persons was 9.2 in 1957 compared with 7.7 in 1956, but the monthly averages after October 1957 were lower than those in 1956. Because of an increase in external prices and the removal of food subsidies, the Consumer Price Index rose from 105.5 to 115.4 (mid-August 1953=100) between mid-February 1956 and mid-February 1958.

A rise in the country's external holdings resulted from the improvement in foreign trade and payments. Net external assets of commercial banks increased between March 1957 and March 1958 by £6.1 million, and those of the Central Bank by £5.1 million. However, because of Ireland's dependence on external trade, these reserves are insufficient to provide any margin for withstanding possible internal and external strains—such as a general rise in wages, an increase in import prices, or a fall in demand for the country's exports. Difficulties were apparent last year in finding outlets for certain agricultural products such as bacon, poultry, eggs and butter.

Sales to Canada Up, Purchases Down

In the last three years the value of the Republic's exports to Canada have more than doubled, increasing from £330 thousand to £801 thousand. Most important in this trade are chocolates and chocolate preparations, wool and woven woollen and worsted fabrics, cordage, cables and ropes, sisal flooring, and glassware. The first of these increased in value more than fifteen times, reflecting the general expansion in most of Ireland's exports to Canada.

On the other hand, imports from Canada have been decreasing because of protection of domestic industries and import restrictions designed to safeguard the balance of external payments.

Six commodities account for 88 per cent of total imports from Canada—wheat, newsprint, aluminum, lumber, linseed, and hides and skins. The remaining 12 per cent includes a long list of consumer goods: canned foods, leather, textiles, paper and metal manufactures, cooking and heating apparatus, drugs, chemicals, medicinal preparations, toys, pens and pencils, and some agricultural products such as grass and clover seed. Some of these are subject to Special Import Levies but the fact that they appeared in the 1957 trade statistics shows that the duties are not prohibitive. With little restriction on the use of dollars by Irish importers, this large group seems to offer room for expansion of imports, particularly if Ireland's economy continues to improve.

In the years when wheat purchases are restricted, the total value of imports from Canada is affected markedly because wheat alone makes up about one-half of imports by value. Almost 50 per cent of the wheat imported by the Republic (59 thousand tons) was supplied by Canada last year; other sources were Australia and the United States. For the past five years, Canada has supplied an average of 83 thousand tons a year. Imports of wheat into the Republic show variations from year to year because of the Government's policy of trying to obtain three-quarters of the country's requirements of millable wheat from Irish producers. It is generally accepted that imported hard wheat is essential to maintain bread quality. Therefore, a good crop at home, both in quality and quantity, results in smaller purchases abroad. A record crop of good quality in 1957 combined with a carry-over from 1956 lowered the percentage of grist imported in 1957/58 to 21 per cent. In the previous year, because of the poor quality of domestic wheat, 33⅓ per cent was allowed.

Canadian Sales Analyzed

In the last five years imports of aluminum from Canada have risen from insignificant quantities to 30,000 cwt., 63 per cent of total imports from all sources, including the U.S. and Norway. This trade is limited to aluminum in primary form for further processing by domestic industry. Because of the prohibitive levies and duties, manufactures of aluminum are non-competitive on the Irish market.

Canada supplied 12.5 thousand tons, or 44 per cent, of the Republic's newsprint imports in 1957. This is some 4 per cent lower than the average for the past six years. Our chief competitors are the Scandinavian countries which have the advantage of a shorter haul. Apparently it is this cost element which is making it difficult for Canadian suppliers to maintain competitive prices.

Lumber imports from Canada in 1957 consisted mainly of softwood lumber (sawn, planed or dressed) and made up 8 per cent of total imports of this type of lumber, which is bought chiefly from Scandinavia. A slump in the building industry last year was responsible for a cut in imports in which Canadian forest products suffered along with the others.

Flaxseed valued at $167 thousand was bought from Canada last year. There is also a market for Canadian linseed and soya bean oilcake and meal, shipments of which totalled $29,000 in 1956 and $10,000 in 1955, though Ireland took none in 1957.

Canada is also an important source of raw cattle hides. Canadian exports showed a downward trend before 1956 but picked up noticeably in 1957; the value of these exports rose to $256 thousand last year.

Outlook

As Ireland's economy gains strength, there should be a more optimistic outlook for trade with Canada in 1958. However, it must be borne in mind that if the value of her exports decreases, either because of a lack of available markets or a drop in prices, this position may be reversed and continued import restrictions may be necessary.

New Deputy Minister Appointed

JOHN H. ENGLISH, the new Deputy Minister of Trade and Commerce, is already well known to the business community as a veteran member of Canada's Foreign Trade Service. After many years of foreign postings, he returned to Ottawa in 1953 to become Director of the Trade Commissioner Service and in 1956 was made Assistant Deputy Minister. He assumed his new duties as Deputy Minister last month. A native of Alberta, Mr. English was educated there and graduated from the University of Alberta as a Bachelor of Commerce. In 1926 he gave up a business career to join the Trade Commissioner ranks and during the next sixteen years served in New York, Jamaica, Dublin, London and Johannesburg. The war years brought him back to the Department, first as director of its Export and Import Division and later as head of the Export Planning Division. In addition, from 1943-46 he acted as joint chairman of the Export Control Committee and chairman of the External Trade Advisory Committee.

In 1946 he returned to Johannesburg, South Africa, with the rank of Commercial Counsellor and remained there until his transfer to Washington as Commercial Counsellor at the Canadian Embassy.

Businessmen on the scene forecast moderate stability and prosperity for

Italy

in 1958, as record industrial output reached in '57 in general holds up well. Imports from Canada rose by 66 per cent last year, but may be slightly lower this year because inventories in some lines are high.

K. F. OSMOND, *Commercial Secretary, Rome.*

THE industrial boom which has been the main feature of Italy's economy in recent years continued through 1957 and output rose by nearly 9 per cent over 1956. Agricultural production was, however, slightly lower and prices for farm products fell by 1.6 per cent.

Wholesale prices remained stable throughout 1957 but increases in retail prices and in the cost-of-living index, particularly in the last two months of the year, caused some concern. On the other hand, wages went up appreciably and unemployment was significantly lower.

The gross national product in real terms rose by about 5.6 per cent compared with 4.2 per cent in 1956 and 7.2 per cent in 1955.

Italy's over-all trade balance continued to be unfavourable last year but within the EPU her position improved somewhat; with invisible earnings as well as some economic aid, she was once more able in 1957 to increase her foreign exchange reserves.

Industry and Agriculture

Industrial production forged ahead in all sectors. Steel output at 6,780 thousand metric tons and pig iron at 2,070 thousand tons surpassed the record high of 1956, and ferro-alloys, hot rolled steel and finished products chalked up significant increases. The mining, chemical, construction, paper, textile and food-processing industries also reported larger output.

In agriculture, results were less encouraging. The yield of staple crops like wheat and grapes was below that of 1956 and though some other crops did well (among them tomatoes and olives), the balance sheet for the farm year showed a continuation of the negative trend apparent in 1956.

Tips for Exporters

1. *Because of keen competition, particularly from countries in Europe which have a freight advantage, price quotations should be kept as low as possible.*
2. *Offers should be as detailed as possible and prices preferably C.I.F. Italian port.*
3. *Terms of credit vary, but are apt to be liberal in the case of some of our European competitors. Information on the financial status of Italian firms may be obtained from the Commercial Division, Canadian Embassy, Rome.*
4. *Descriptive literature, preferably in Italian or French, and, where feasible, samples should be submitted. Samples of a commercial value are dutiable, but the duty paid on Canadian commercial travellers' samples is refunded on re-export. Import licences are not required for samples valued up to 10,000 lire (about $16) nor for items which have been liberalized.*
5. *Though some exporters prefer to deal directly with importers, the appointment of an agent or agents is recommended for maximum coverage of the market. The Commercial Division, Canadian Embassy, Rome, will be glad to help exporters by suggesting suitable representatives, but wherever possible, exporters should visit this country because there is no substitute for personal contact.*
6. *All correspondence should be answered promptly by airmail.*
7. *The list of goods which may be imported into Italy without a licence includes synthetic rubber; lumber; salted, dried and smoked fish; certain base metals, metallic ores, crude asbestos; rags; some chemicals and pharmaceuticals; certain machines, and various other goods, mainly raw materials.*

Information about licensing requirements for particular commodities, as well as copies of a bulletin on "Shipping Documents and Customs Regulations" for Italy may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

53898-3 4

In spite of smaller wheat harvests in the past two years, Italy is still faced with the problem of surplus soft-wheat stocks. The outlook for the 1958 wheat crop is good and if the weather continues to be favourable, the record 1955 harvest of 349 million bushels may be exceeded. The emphasis in 1958 is on the seeding of more durum wheat and imports of this type will no doubt decrease.

Imports, Exports Grow

Italian foreign trade has been characterized in recent years by rising imports and exports and a mounting trade deficit. Imports in 1957 were valued at US$3,626.4 million (14.2 per cent above 1956) and exports at US$2,540.1 million (18.4 per cent higher than in 1956.) Although the percentage increase in exports was greater than that in imports, the trade deficit in 1957 reached US$1,086.3 million, an increase of 5.6 per cent over 1956. This deficit was, however, as in previous years, offset by earnings from tourists, emigrants' remittances, capital transfers, freights, charters, economic aid and other earnings.

Italian foreign trade figures for 1957 classified by areas (1956 figures in brackets) show that imports from OEEC countries totalled US$1,712.6 million ($1,561.8 million) and exports to these countries US$1,425.6 ($1,194.3 million). Imports from countries outside the OEEC were valued at US$1,914.3 million ($1,613.1 million) and exports at US$1,114.8 million ($951.4 million). Italy imported from the United States goods valued at US$679.9 million ($520.7 million) and exported to the U.S. commodities worth US$229.4 million ($201.5 million).

Canadian exporters will be interested in the fact that in 1957 nearly two-thirds of Italy's imports consisted of raw materials and semi-finished products; the remainder was made up of foodstuffs and finished goods. On the other hand, more than half of her exports were finished goods and the rest were divided about evenly between the other two groups.

Italy was able to add substantially to her gold and convertible foreign exchange reserves in 1957 and at the end of the year these totalled US$1,371 million compared with US$1,101 million at December 31, 1956. Her position with the European Payments Union also showed steady improvement during each of the last six months in 1957 and at the end of the year the deficit stood at US$102.6 million compared with US$156.2 million at the close of 1956.

Vanoni Plan Progresses

An important factor in the development of Italian economic policy in the past three years has been the ten-year Vanoni Plan that began in 1955. This plan may best be described as a method of approach to the basic problems of the country in order to obtain, in a free market economy, co-ordinated action to solve them within a given space of time. The stated objectives of the plan—which is aimed ultimately at absorbing into the economic system all unemployed and under-employed labour—are:

1. A 5 per cent annual increase in the national income in the ten-year period.

2. The application of one-third of that income to new investment and not more than two-thirds to increased

One of the famous views that continues to lure tourists to southern Italy is the Bay of Naples, with Mount Vesuvius in the background. Dollar earnings from the tourist trade help to offset the trade deficit with the dollar countries. Last year Italy bought from the United States alone goods worth $680 million and sold to the U.S. only $230 million worth.

consumption, mainly among the present unemployed and under-employed.

3. The attainment of active international co-operation in squaring the country's balance of payments at a high level of trade.

These objectives have largely been realized but difficulties remain in achieving a better balance between the highly industrialized north and the under-developed south. Considerable progress is, however, being made in developing the southern regions both industrially and agriculturally; one result already apparent is the steady increase in income.

Trade with Canada Reaches Record

Canada's exports to Italy reached a record $62.84 million in 1957 against $37.74 million in 1956, an increase of over 66 per cent. This places Italy in third place after West Germany and the Netherlands as an importer of Canadian goods in continental Europe. In fact, excluding the countries mentioned, Canada's exports to Italy in 1957 were exceeded only by those to the United States, the United Kingdom and Japan.

PRINCIPAL ITALIAN IMPORTS FROM CANADA*

	1957 $	1956 $
Wheat	5,883,930	11,428,673
Flaxseed	3,250,402	799,387
Rapeseed	5,840,231	386,102
Salted cod	1,470,488	1,177,519
Pulpwood	1,377,115	543,326
Asbestos milled fibres	2,650,655	1,356,931
Synthetic resins	1,426,268	6,974
Pig iron	7,816,034	
Iron billets, ingots, blooms	1,141,904	314,542
Scrap iron and steel	8,165,485	6,951,760
Steel plates, strips and sheets	1,059,205	258,617
Primary aluminum	5,138,183	2,294,178
Nickel	3,751,327	1,306,778
Drugs and chemicals	3,977,834	4,040,609

*Source: Dominion Bureau of Statistics.

Other imports from Canada valued at over $500 thousand in 1957 were: wool rags and waste, Douglas fir and hemlock lumber, sulphate pulp, iron ore and petroleum coke.

Italy's exports to Canada totalled $33.01 million, an increase of 34.2 per cent over the previous record of $24.97 million in 1956. A wide variety of Italian goods is sold to Canada, including worsteds and tweeds, silks and manufactured textile products, canned tomato paste, cocoa butter, cherries, cheese, business machines, textile machinery, manufactures of iron, steel and brass, cryolite, marble, leather goods, wines and musical instruments.

Further progress was made in liberalizing Italian dollar imports when an additional list was published in June 1957 supplementing two earlier liberalization measures in 1954 and 1956. Though the new list mainly broadened the number of items within certain liberalized commodity groupings in which Canadian exporters to the Italian market are interested, it did not result in freeing any major items which we sell to Italy.

Prospects for Canadian Trade

Italy's main interest in the Canadian market, apart from certain foodstuffs, is as a source of materials to maintain her present high industrial production. There do not appear to be very many major opportunities for Canadian manufactured goods, however, until Italy further eases dollar import restrictions on such goods.

A certain slackness has been apparent in some branches of industry since the beginning of 1958, particularly in shipbuilding. Italian interests fear that a slow period for the steel industry may also be in the offing. On the other hand, increased export demand for motor vehicles has given new impetus to that industry and a further expansion in some others, particularly paper and housebuilding, is also expected.

Though the business recession in the United States may have some effect on the Italian economy in 1958, prospects in general are for stability at the levels already reached. This appears to be confirmed in the results of a recent sample inquiry in which the opinions of 80 per cent of the businessmen questioned were divided between forecasts of stability and forecasts of a moderate increase in general business turnover. In view of the nature and magnitude of Canada's exports to Italy in 1957, however, inventories of some commodities are high. It would not be unreasonable, therefore, to expect some falling-off in our sales to Italy this year.

Sweden Introduces New Camera

An improved version of the Hasselblad camera 1,000 F, which allowed film changing in four seconds through an ingenious system of interchangeable backs, has now been introduced by the Hasselblad Company of Gothenburg. The new model, known as the 500 C, is also a single lens reflex camera but it is equipped with a between-lens shutter in interchangeable lenses. Other interesting features of the 500 C are the automatic aperture setting and built-in exposure factor; the latter is the main feature of what is said to be an entirely new camera technique introduced by this firm.

Imports expected to decline and exports to rise slightly in

The Netherlands

this year, as Dutch adjust to change in business tempo. Moves towards European integration may affect their trade—and the Canadian approach to this market.

B. C. BUTLER, *Commercial Counsellor, The Hague.*

BUSINESS in the Netherlands during 1957 reflected the slower pace of international trade as well as the Government's economy measures. These were introduced early in the year to reduce "over-spending" and restore equilibrium to the balance of payments. Cuts in government projects and other expenditures, higher taxes and increased excise duties on luxury goods, and a high of 5½ per cent interest on bank loans combined to discourage non-essential expansion and to make buyers more cautious. Business was not bad but, especially in the latter part of the year, the general feeling was that the five-year run of prosperity had been interrupted.

According to the latest reports of Netherlands official and financial institutions, 1958 will see a level of investment considerably below that of 1957, only a slight increase in consumer demand, and a further easing of the labour market with unemployment settling at about 100 thousand, or 3.2 per cent of the working force. Works programs in the areas most affected by unemployment should bring some relief.

The favourable trend in the balance of payments is expected to continue. Imports should decline with the lower investment and the hope is that a target increase of 3 per cent in exports will result in a current account surplus of Fls.900 million ($225 million). This forecast does not take into account the possible consequences of recent events in Indonesia; it is too soon to estimate the effects on the Netherlands balance-of-payments position of the loss in income from trade and services if economic relations between the two countries are completely severed.

Emigration Still Encouraged

The public became more aware of the slowdown in business as reports of growing unemployment appeared in the press and became the subject of parliamentary debate during the last quarter of 1957. By the end of December the total unemployed numbered 110 thousand, or 3.2 per cent of the labour force. During the first quarter of the present year this rose to over 130 thousand and it stood at just over 100 thousand in mid-May. Some of the Government's economy measures have been relaxed, especially to encourage activity in the construction field.

It seems to be accepted that in this over-populated country, and with 60,000 new workers added every year, some unemployment is inevitable except in boom times and that the long-term policy must couple a program of industrialization with encouragement of emigration. There is a government emigration service to assist some 30,000 people to leave the Netherlands every year; Canada has been welcoming an average of over 10,000 a year since 1946.

Land from the Sea

It is often said that God made the world but left Holland for the Dutch to finish. For centuries these industrious people have carried on a ceaseless struggle to win and hold land from the sea. In 1957 the third polder of some 135 thousand acres was recovered from the former Zuiderzee (now the fresh-water LJsselmeer) and construction of the dyke for the fourth polder progressed. The Government also approved plans for the so-called Delta Plan which, over a period of about 25 years and at an estimated cost of Fls.24 billion ($6 billion), will straighten the coastline of southwest Holland, enclose the mouths of all rivers there, and provide many thousands of acres of new farmland. Although this project will give employment and create new farms for several thousand people, it is not expected to relieve the country of the need to encourage emigration.

Effect of Indonesian Developments

Since Indonesia gained its independence in 1949 Dutch business interests and the number of nationals resident in the islands have shrunk to a fraction of the prewar total. It has been estimated that in recent years only 3 per cent of the Netherlands' national income has been derived from Indonesia. Thus the December crisis merely accelerated a process under way for several years. Nevertheless, the recent developments have severely affected Dutch shipping, transportation and related industries; cotton textile manufactures, banks, insurance and other financial institutions, and shareholders in estate and mining companies, to mention only some examples. Then there was the social

and economic problem of re-establishing the approximately 60,000 repatriated Dutch nationals in midwinter and at a time of fewer business and employment opportunities. Despite the difficulties, however, the Dutch authorities and the public are confident that these problems will be solved.

Trading Partners

The table below summarizes Netherlands trade with main countries in the past three years. About 70 per cent of Dutch trade is carried on with European countries. In 1957 West Germany replaced Belgium-Luxembourg as Holland's principal trading partner, supplying imports worth Fls.2,888 million (18.5 per cent of total) and taking exports worth Fls.2,173 million. The chief imports from West Germany were steel rolling mill products, chemicals, coal, machinery and parts, automobiles, ships and boats. The main exports to that country were eggs, meat, petroleum products, steel blooms, forgings and coils, machinery and parts. Belgium supplied coal, textile yarns and fibres, clothing and automobiles, and imported dairy products, electrical apparatus and petroleum products. The U.K. supplied machinery, automobiles, aircraft and electrical apparatus and bought Dutch butter, meat, vegetables, benzine and cocoa products.

IMPORTS INTO THE NETHERLANDS

(from selected countries)

	1956		1957	
	Fls. '000,000	% of total	Fls. '000,000	% of total
BLEU*	2,680	18.9	2,816	18.1
West Germany	2,531	17.9	2,888	18.5
United Kingdom	1,158	8.2	1,255	8
France	471	3.3	500	3.2
Sweden	463	3.3	529	3.4
Indonesia	440	3.1	454	2.9
United States	1,975	14	2,043	13.1
Canada	180	1.2	206	1.3
Total, including all countries	14,154		15,597	

*Belgium-Luxembourg Economic Union.

EXPORTS FROM THE NETHERLANDS

(to selected countries)

	1956		1957	
	Fls. '000,000	% of total	Fls. '000,000	% of total
BLEU	1,543	14.2	1,826	15.5
West Germany	1,962	18	2,173	18.5
United Kingdom	1,273	11.7	1,280	10.9
France	595	5.5	558	4.7
Sweden	510	4.7	562	4.8
Indonesia	315	2.9	274	2.3
United States	672	6.2	596	5.1
Canada	78	0.07	81	0.06
Total, including all countries	10,876		11,770	

The winning of land from the sea has preoccupied the Dutch for centuries and the struggle goes on. This picture shows part of the giant dyke that closes off the former Zuiderzee and last year increased arable land by 135 thousand acres.

The Netherlands continues to have a large deficit in her trade with the U.S. In 1957 she imported grains, cotton, coal, petroleum products, animal fats and oils, ferro-alloys, aircraft and machinery from that country worth Fls.2,043 million and sold the U.S. plants, bulbs, meat and electrical apparatus worth Fls.596 million.

Trade with Canada Growing

Canada is an important supplier of wheat, oilseeds, pulpwood, iron ore, aluminum and synthetic rubber. Principal imports from Holland in 1957 were plants, bulbs, cocoa and products, tin, electrical equipment and parts.

The table (left) shows that although Canada-Netherlands trade represents only a small part of the total, imports from Canada, according to Dutch figures, increased in 1957 by almost 15 per cent over 1956 and by almost 40 per cent over 1955.

Effects of European Integration

Benelux, the economic union of the Netherlands, Belgium and Luxembourg, was completed in 1957 and the formal treaty signed in February 1958. Some problems remain unsolved, particularly in the agricultural sector, but for many practical purposes the three countries are now economically a unit.

The treaty of the six Common Market countries (Germany, France, Italy, Belgium, Luxembourg and the Netherlands) came into force on January 1, 1958, and the Netherlands, with her five partners, is currently participating in the discussions of the British proposal for an industrial Free Trade Area.

Though some Dutch businessmen have stated that they recognize moves in the direction of economic integration as desirable to the extent that they broaden the base and the horizon for their trade, they are said to feel that such developments may mean many new problems and uncertainties in the future conduct of their business. But like good traders they are already laying their plans to take fullest advantage of any possible benefits. One example of this is the large new Europort area that is being created at Rotterdam to handle the anticipated increase in inbound and outbound traffic through that port, already rated as the world's second largest.

What It Means for Canadian Businessmen

It is, of course, quite impossible to predict the consequences for Canadian businessmen of all these developments. Since the war, with the increased industrialization of the Netherlands the market for many Canadian manufactured goods has gradually lessened but that for Canadian raw materials has steadily increased. It is expected that this trend will continue and that the Netherlands will become a still larger market for raw materials of all kinds as bigge European markets are opened to Dutch manufacturer and processors.

Although it is not yet clear whether or to what exten Canadian manufactured goods will be affected by th developments in Europe, it is worth mentioning tha a number of U.S., British, German, French and othe manufacturers already have arranged to have thei products manufactured under licence in the Nether lands. Canadian manufacturers of consumer goods components for machinery and equipment, automotiv accessories and many other lines may wish to giv serious thought to making similar arrangements fo having their products made under licence for Europea markets. In this way they will gain at least a shar in these growing markets by the sale of techniques know-how and, perhaps, certain key components o production goods. The Netherlands offers very favour able conditions for such arrangements and many Dutc manufacturers are interested in receiving offers of thi kind from Canadian firms. The Office of the Com mercial Counsellor, Canadian Embassy, The Hague can assist and advise interested Canadian firms.

Large earnings by her merchant fleet offset increased imports and kept

Norway

prosperous last year but leading export industries now faced with selling problems and shipping earnings may decline. Canadian sales to Norway cover rather narrow range; makes trade expansion difficult.

J. C. DEPOCAS, *Commercial Counsellor, Oslo.*

THE year 1957 as a whole, in the light of commercial and industrial statistics, appears to have been a good one for Norway, perhaps the best since the war. The gross national product, 50 per cent of which is exported, rose 3 per cent over 1956 and net earnings of the mercantile fleet, an all-time record, not only served to counteract the trade deficit but resulted in a surplus in the international balance of payments and an increase in the foreign exchange reserves. However, an examination of the annual figures month by month reveals that Norway, which had reaped the benefit of an international boom, is beginning to feel the effects of an international recession. During the first ten months of 1957, for example, industrial production increased by 4 per cent compared with the same perio of the previous year, but a decline that began i November brought that figure down to 3.2 per cen for the year and for all branches of trade and industr to 3 per cent.

Fleet Earnings Reach Record

Both imports and exports continued to increase i volume, but the terms of trade deteriorated some 2 pe cent and the trade deficit was Kr.200 million large than in 1956. At the same time, the net earning of the mercantile fleet rose by Kr.400 million to reac Kr.3.3 billion, which corresponds to about 60 pe cent of the total value of exports of goods and 43 pe cent of the total value of imports. This made 195 a better year than Norwegians at first expected

Apparently the Suez crisis had the effect of delaying a deterioration in the balance of trade and services.

In the national budget of 1958 a deficit of Kr.1.1 billion in the balance of international payments was forecast as against a surplus of 50 million in 1957. This is shown in the following table.

INTERNATIONAL BALANCE OF PAYMENTS

(in million kroner)

	1955	1956	1957	1958 (estimated)
EXPENDITURES				
Imports of goods	6,442	7,149	7,650	7,750
Imports of ships	1,454	1,601	1,575	2,150
Merchant fleet expenditures abroad	2,230	2,500	2,900	3,100
Other expenditures	761	812	885	970
Total expenditures	10,887	12,062	13,010	13,970
RECEIPTS				
Exports of goods	4,513	5,275	5,515	5,550
Exports of ships	216	461	400	300
NATO's share of building program	141	44	50	50
Gross earnings merchant fleet	4,350	5,400	6,200	6,000
Other receipts	838	959	1,060	1,170
Total receipts	10,058	12,139	13,225	13,070
Trade and services balance	−829	77	215	−900
Interest on capital account balance	− 84	−142	−165	−200
Payments balance	−913	− 65	50	−1,100

This estimated difference of Kr.1.5 billion is the result of the smaller net earnings of the merchant fleet and of larger imports but smaller exports of ships; the unfavourable trade balance is expected to increase by only Kr.65 million.

In addition, repayments on external loans corresponding to Kr.330 million become due in 1958. To meet these obligations the intention is to borrow Kr.650 million on imported ships and obtain the remainder through withdrawals against the foreign exchange reserves and the use of the credit facilities of the E.P.U. Assurance has been given that no new restrictions will be imposed on imports.

There may be difficulties ahead if the estimated deficit is exceeded, and if the international economic situation does not improve in the near future.

Conditions Affecting Trade

Several other developments may affect the trading picture for the year. A late spring may mean reduced agricultural production and the fisheries are meeting difficulties both at home and abroad—difficulties that have not yet been solved. Early in the year came the announcement that, because of marketing problems, the production of mechanical wood pulp would have to be reduced and prices cut. On the other hand, there is hope of some improvement in the sales of chemical pulp, paper, and board. The ferro-alloys industry, with capacity increasing steadily, has announced that it will have to reduce either output or prices and the metallurgical industry, which now means so much to the national economy, has been affected by the lower prices prevailing on world markets.

In the latest budget the Government cut the subsidies on a number of essential consumer goods; this will probably boost the cost of living, salaries, and perhaps production costs of export goods at a time when prices in many foreign markets are falling.

These conditions do not necessarily foreshadow a larger trade deficit because the demand for imports may be reduced proportionately. However, the net earnings of the merchant fleet may not be sufficient, as in past years, to make up for the difference in value between exports and imports. In the shipping field too there is uncertainty. More ships (with the exception of oil tankers) are being laid up as time goes on and rates are becoming less favourable. In February the freight rate indices were 62.6 for time charter and 81.9 for trip charter, in both cases a new low. In December 1956, at the height of the Suez crisis, they were 255 and 181.2, and the average for 1957 was 139.1 and 124.8. Both indices dropped each month during the past year. There is not necessarily a direct relationship between the indices and the net earnings during any one year, however; in fact, the year of the largest earnings followed the one with the highest indices. On this basis, prospects for 1958 earnings are uncertain unless there is a recovery.

Official Norwegian trade statistics show that total Norwegian exports, excluding ships, reached 5,440 million kronor compared with 5,056 million in 1956. Imports totalled 7,650 million kronor in 1957 compared with 7,149 million in the previous year, also excluding ships.

What Canada Buys and Sells

Canadian purchases from Norway, DBS figures show, dropped in value in 1957 to $3,145,299 from the $3,780,492 of 1956. Heading the list of Norwegian exports to Canada are canned fish ($1,104,507 worth in 1957 compared with $912,506 in 1956) and steel shapes ($514,510 in 1957, a decline from the $1,261,526 of 1956). Nickel ingots and bars also come well up on the list. Canada buys several other products, none of which exceeded $100 thousand in value in 1957, such as commercial fishhooks, sportsmen's fishing tackle, rubber clothing, raincoats, woollen socks and sweaters, and building board.

Canada's exports to Norway fell off slightly last year to $55,548,041 as against $57,682,269 in 1956,

according to DBS figures. Agricultural and mineral products bulk largest among these exports: in fact, they constituted 93.5 per cent by value compared with 97.5 per cent in 1956. Last year exports to Norway of cereal grains and their products fared less well than in 1956; they dropped from Can.$10,406,667 in 1956 to $4,142,154 in 1957. It is interesting to note that Norwegian purchases of these same products from the United States dropped from the equivalent of Can.$17,063,000 to $8,852,400, but grain imports from the U.S.S.R. only fell from Can.$11,191,000 to $10,398,000.

Canadian sales to Norway of ores, concentrates and mining products rose in value from $45,915,476 in 1956 to $46,119,314 in 1957, corresponding to 79.6 and 83 per cent respectively of all Canadian exports to Norway in those years. Figuring most largely in this group were the following:

	1957	1956
Nickel in matte	$32,831,889	$28,474,349
Copper in ore	7,197,273*	10,276,798
Ores, n.o.p.	4,640,517	3,656,946
Drugs and chemicals (mostly alumina)	1,036,587	1,375,857
Zinc ores	174,284	966,098
Asbestos milled fibres	170,940	164,375

*Reduction due to rise in price.

Other Canadian products that figured largely in exports to Norway in 1957 included copper ingots, bars and billets, ($407,027); synthetic fibre thread ($43,657); commercial fishing nets and twine ($158,731), and carbon graphite electrodes ($164,962). The remainder, about $1.5 million worth, covered such products as upper leather, stoves, office machines, outboard motors, sausage casings, shoes, and synthetic resins.

Norway is a difficult market in which to sell Canadian goods, partly because she herself produces fish, forest products, metals, etc., as Canada does. As for manufactured goods, Norway is situated close to a number of countries with advanced industrial production and which have the advantages of proximity and quick delivery.

Trade inquiries from Canada are often followed by requests from Norwegian firms for permission to make the product in Norway on a royalty basis. Many consumer goods have been imported at one time or another but either import controls or competition from suppliers in neighbouring countries have prevented them making much headway. Apples are perhaps an exception. Canadian apples have reappeared in this market after an absence of many years and whenever the import regulations will permit entry, they should be in good demand.

With dollar imports controlled and limited to essentials, Canadian exporters to

Portugal

will find chief opportunities in products required by industry. Balance of payments, traditionally favourable, was in deficit in 1957, but improved in early months of this year and showed a small surplus.

RICHARD GREW, *Commercial Counsellor, Lisbon.*

THE recession evident in many countries for the past year appears to have affected Portugal less than most. In fact, there is little indication that the Portuguese economy has suffered any real setback, although the impact of the recession may become more evident later on. Much will depend upon whether the countries bearing the full brunt are able to regain some momentum during the next few months.

Some segments of the economy show signs of weakness, particularly mining, with the exception of iron and coal. The low prices for metals in world markets have depressed the Portuguese industry, but this trend existed before the general downturn of business began. Although the recession may have aggravated the situation, it has not been the cause; one of the main factors is that a large number of the mines are small and therefore lose the advantages of large-scale production.

Agriculture and Fisheries

Agricultural production improved in 1957 compared with the year before, especially the wheat harvest which was the highest on record and 46 per cent larger than the ten-year average. As a result Portugal has not had to import wheat for the past twelve months; normally annual imports amount to about

150 thousand tons, supplied in recent years by the United States. Crops of rye, oats, barley, rice and potatoes were also larger than in 1956; output of maize, fruits, vegetables and wine was smaller. The over-all gain in agricultural production compared with the previous year is estimated at about 6 per cent.

The animal industry still has problems and it has been necessary to import beef and other meat products—frozen beef and pork are the usual imports. Purchases are made on tender through a central organization and Canadian producers have found difficulty in competing, especially with South American quotations.

In the fisheries, both production and earnings improved; the sardine catch, which is the most important and accounts for over 60 per cent of the total, rose by about 18,000 tons to 109 thousand tons. Other important catches are chinchard, from which anchovies are produced, mackerel, horse mackerel and tunny. In the canning industry, production totalled 59,428 tons, a slight improvement, but the value fell by $931 thousand to $33.5 million.

Cod fishing is considered separate from other types of fishing and the previous season did not come up to expectations. Production of dry salted cod declined to 48,000 tons from 51,800 the previous year.

Industrial Production Satisfactory

Industrial production in 1957, taken as a whole, provided a reasonably satisfactory return considering the down-trend in many countries. Over-all industrial production rose by an estimated 2 per cent. With the exception of mining, most Portuguese industries either maintained the position they held in 1956 or improved. Notable among the latter were the textile industry (with the exception of cotton piecegoods and thread), sugar refining, brewing and the rubber industry. The number of tires produced went up from about 600 thousand to nearly 800 thousand. Industry might have fared even better but for the fact that a long dry spell during the summer and early fall caused a drop in the supply of hydro-electric power. Building construction, transport and the tourist trade also had a good year.

The principal industries with smaller output were leather, lime and cement. Despite the drop in production, it was announced recently that a new cement plant is to be established; it will have the largest furnace in the world with a daily capacity of 1,600 tons. The plant is expected to be in production by the middle of 1959.

Imports Up, Exports Down

The total value of Portugal's trade increased from $725.7 million in 1956 to $772.1 million in 1957, with exports declining slightly and imports increasing substantially.

The following tables show the trade position during the past two years by trading areas, and the percentage of the total trade:

TRADE BY TRADING AREAS

IMPORTS	1957 millions of dollars	1957 % of total	1956 millions of dollars	1956 % of total
Portuguese overseas provinces	57.4	11.71	51.6	11.92
EPU countries	286.4	58.41	252.9	58.45
United States	53.1	10.82	44.6	10.32
CANADA	2.8	.57	1.9	.43
Others	90.6	18.49	81.6	18.88
Total	490.3	100.00	432.6	100.00

EXPORTS	1957 millions of dollars	1957 % of total	1956 millions of dollars	1956 % of total
Portuguese overseas provinces	73.9	26.21	72.2	24.65
EPU countries	120.7	42.84	131.2	44.78
United States	23.9	8.48	26.7	9.12
CANADA	2.7	.95	2.2	.75
Others	60.6	21.52	60.7	20.70
Total	281.8	100.00	293.0	100.00

These figures indicate that Portugal's trade deficit increased from $139.6 million in 1956 to $208.5 million in 1957.

The EPU countries are Portugal's most important source of supply, with West Germany leading, followed by the United Kingdom. The table shows the value of imports from the more important supplying countries.

TRADE WITH PRINCIPAL COUNTRIES

IMPORTS	1957 millions of dollars	1957 % of total	1956 millions of dollars	1956 % of total
West Germany	81.6	16.69	69.3	16.02
United Kingdom	64.9	13.24	58.8	13.59
United States	53.1	10.82	44.6	10.32
France	40.4	8.25	32.5	7.52
Belgium-Luxembourg	30.4	6.21	26.9	6.22
Italy	15.3	3.12	12.8	2.95
Switzerland	14.4	2.94	12.6	2.91
Netherlands	13.0	2.66	10.2	2.37
Sweden	11.9	2.43	12.3	2.58

EXPORTS	1957 millions of dollars	1957 % of total	1956 millions of dollars	1956 % of total
United Kingdom	39.6	14.03	42.1	14.36
United States	23.9	8.48	26.7	9.12
West Germany	19.2	6.83	20.9	7.13
France	14.4	5.12	18.6	6.36
Italy	11.8	4.20	10.9	4.07
Belgium-Luxembourg	10.3	3.53	11.4	3.90
Netherlands	6.5	2.32	6.4	2.17
Sweden	6.2	2.21	5.8	1.98
Switzerland	3.7	1.32	3.5	1.21

Although imports from the overseas provinces do not figure prominently in the trade of continental Portugal, exports from Portugal are important to the provinces, particularly to Angola and Mozambique. In fact, in 1957 Angola was Portugal's most important single market, with purchases valued at $40.2 million, accounting for 14.28 per cent of the total trade. Mozambique's imports totalled $24.8 million, or 8.79 per cent of the total exports, which made it Portugal's third most important market.

Trade with Canada

All imports into Portugal from the dollar area are closely controlled by an import licensing system, although licences are granted automatically for a limited list of products. Apart from these, imports are confined in principle to goods that are considered essential and cannot be obtained from other sources. This has in effect prevented consumer goods of all kinds, including food products such as canned and packaged goods, from entering this market.

The principal Canadian exports to Portugal consist of raw materials, semi-manufactured goods and some specialties. Last year the leading Canadian commodities were, in order of value, asbestos fibre and waste, copper ingots and copper scrap, flaxseed, bait fish, steel plates and sheets, tobacco, drugs and chemicals, salt cod, antibiotics, iron and steel bars, primary and semi-fabricated aluminum. These covered nearly 85 per cent of total Canadian exports to Portugal and the main opportunities for further sale will probably be products required by Portuguese industry. Even in most of these lines, competition from European countries is keen and because Portuguese trade has been traditionally directed twards the members of the European Payments Union, the obstacles appear rather formidable.

Balance-of-Payments Position

Despite the fact that Portugal regularly has an unfavourable trade balance, the over-all balance-of-payments position remained favourable from 1949 to 1956. In 1957, however, the final position revealed a deficit of $6 million. Usually invisible earnings, mainly from shipping, insurance, tourists and remittances from abroad, have been sufficient to more than offset the foreign trade deficit. But last year this did not hold true.

The over-all payments position during the past two years is shown in the following table:

	1956	1957
	millions of dollars	
EPU countries	−33.3	−56.6
Dollar countries	+59.9	+49.6
Others	+ 3.7	+ 0.8
Balance:	+30.3	− 6.2

Although it has been reported that this trend has caused the authorities some concern and the situation is being closely watched, figures for the first two months of 1958 reveal that Portugal attained a surplus of $2.5 million in its balance of payments.

More and more, revenue from the tourist trade is becoming an important source of foreign currency, particularly dollars. Although 1957 statistics are not yet available, the increase in the number of visitors to Portugal is estimated at about 15 to 20 per cent over the 290 thousand of 1956. Of this number, 50,000 came from the United States and 2,000 from Canada—approximately 17 per cent of the total. About 88,000 (86 per cent of the total) came from France, followed by the United States, Spain, the United Kingdom, Brazil, the Netherlands, Germany and Belgium, in that order.

Coming to Canada on Business

THE INFORMATION about foreign business visitors given here is, to the best of our knowledge, accurate at the time of going to press. We cannot, however, accept responsibility for any changes in itineraries nor for cancellation of plans. This information is published as a service and in no way represents sponsorship or selection by the Department of Trade and Commerce. We cannot undertake to enter into correspondence about these visitors.

▶ from the United Kingdom

M. W. KAYE, director of Gate Electronics Ltd., Tudor Grove, London, E.9, will be visiting Canada in July to study the market for his firm's industrial, commercial and domestic electronic equipment. Products include tape recorders and decks, battery-operated transistorized record players, communal aerials for frequency modulation radio and television, transistorized batch counters and tachometers.

Mr. Kaye will be in Toronto during the week beginning July 14. Interested businessmen may get in touch with him through Measurement Engineering Co. Ltd., Arnprior, Ontario, or through the office of the United Kingdom Trade Commissioner in Toronto.

S. C. MOTT, managing director of Arlo Limited, Arlo House, London, N.W.1, which manufactures and designs fancy advertising giftware, will visit Toronto from July 30 to August 16. He would like to meet leading manufacturers or any firms interested in giftware. Businessmen will be able to reach him either through the United Kingdom Trade Commissioner in Toronto or at the Royal York Hotel.

As long as the current shortage of dollars continues in

Spain

Canadian exporters will find it strictly a limited market. But conditions show some improvement and contacts here should be cultivated, against better days to come.

M. T. STEWART, *Commercial Counsellor, Madrid.*

SPAIN has made great advances industrially during the past few years and many important basic industries have been built up in the face of difficulties. This industrialization is expected to continue. Late in 1953, United States aid was extended to Spain; it has been forthcoming ever since, and is said by this time to total nearly a billion dollars. These two developments have done much to help the Spanish economy surmount its problems and there are signs of improvement. But the standard of living and the purchasing power of a large section of the population remains low, and this naturally limits the market for imported goods.

Dollar Shortage Limits Buying

In addition, Spain has for many years suffered from a serious foreign exchange shortage and has been forced to restrict her buying from dollar countries to a minimum. Last year purchases from Canada reached $5.91 million, a slight rise of $861 thousand over 1956. Emphasis was on essential products, such as aluminum ingots, nickel, asbestos fibre, wood pulp, certain chemicals, synthetic rubber, a few lines of equipment, and salt cod. Generally speaking, Spain is not a market for consumer goods at the moment, and this will probably hold true until the supply of dollars improves. One source of dollars is, of course, the tourist trade; the number of North Americans visiting Spain has increased tremendously and the money they spend helps to bolster the foreign exchange reserves.

Trade Controls Strictly Enforced

To conserve its supplies of foreign exchange, Spain rigorously enforces a system of import licensing and exchange controls. These two are quite separate in their operation and this complicates the importer's problems. The Ministry of Commerce as a rule issues import permits for dollar goods only if these are deemed absolutely essential. And even when import licences are secured, there may be a further delay before the Instituto Espanol de Moneda Extranjera, to which the licence is passed and which has the responsibility of maintaining Spain's good credit rating under the present regime, makes the exchange available.

If supplies of hard currency were to improve, opportunities for Canadian products in Spain would certainly broaden. In addition to the products currently sold there, Spanish buyers might well order large shipments of softwood timber, newsprint, agricultural machinery, industrial machinery, and a wide range of semi-processed materials for use in the chemical and

CANADIAN EXPORTS TO SPAIN

	1957	1956
TOTAL EXPORTS	$5,914,578	$5,053,103
PRINCIPAL ITEMS:		
Flaxseed		221,199
Cod, light salt	886,790	846,670
Cod, heavy salt	124,180	
Wood pulp, sulphite kraft unbleached		104,494
Pulp, sulphite bleached	643,986	785,325
Scrap, iron or steel		253,895
Bars, iron or steel	149,983	12,230
Aluminum in primary forms	1,351,118	553,581
Copper, scrap slag skimmings	144,017	314,693
Nickel, fine	307,855	21,187
Ores, n.o.p.	218,183	
Asbestos milled fibres	934,389	619,113
Drugs and chemicals n.o.p.	495,750	653,476
Dental surgical hospital equipment	118,560	

SPANISH EXPORTS TO CANADA

	1957	1956
TOTAL EXPORTS	$5,596,416	$5,727,266
PRINCIPAL ITEMS:		
Olives, sulphured or in brine	1,256,936	1,233,377
Almonds, shelled	349,001	565,190
Onions, fresh	186,019	155,842
Tomatoes, canned	18,860	126,259
Olive oil, n.o.p. edible	90,853	232,045
Ginger and spices n.o.p.	228,308	146,686
Wines, non-sparkling	270,459	231,723
Hatters furs not on the skin	134,115	112,720
Cork slabs, boards, tiles n.o.p.	476,569	345,734
Cork slabs boards for mfr.	493,857	698,508
Cryolite or kryolite	345,600	
Mercury or quicksilver	127,256	260,657
Tiles, earthenware n.o.p.	64,293	241,774
Salt for fisheries	190,629	263,548

other industries. Spain might also become an occasional market for Canadian wheat.

Personal Visit May Help

The Canadian exporter anxious to cultivate sales in Spain might well include it on his itinerary when he visits Western Europe. Personal contacts here will not necessarily result in business in the near future. But a few days spent in Madrid interviewing bankers, industrialists and importers, and possibly some government officials as well, will give the exporter some idea of the present situation and may be helpful in securing business when economic conditions in Spain do improve further. Because the Ministry of Commerce which controls import trade has its headquarters in Madrid, this city merits most attention. Canadian Pacific Airlines about a year ago inaugurated its biweekly service between Madrid, Lisbon, Montreal and Toronto and this makes contact easy.

The Commercial Section of the Canadian Embassy is always glad to help exporters with their problems and with arrangements for visits, including supplying interpreters or carrying on interviews in Spanish. Those who intend to come to Spain on business should, if possible, notify the Commercial Counsellor in advance.

For a detailed picture of current conditions in Spain, see "Spain's Progress Quickens" in the April 12, 1958, issue of *Foreign Trade*.

Some signs point to a slowing-down in business activity in

Sweden

but trade rose in volume and value last year and Canadian sales reached a new high of $12.1 million. Market prospects should remain reasonably good through 1958.

A. P. BISSONNET, *Commercial Secretary, Stockholm.*

IN Sweden the prosperity apparent in 1956 continued throughout most of 1957. However, by the end of the year and during the first quarter of 1958 there were indications that the tendency towards recession in other countries was having its effect on the Swedish economy. Nonetheless, 1957 was a good year. Overall production increased by about 5 per cent and high employment was maintained. Wholesale prices fell slightly in the autumn, but consumer prices went up by 4 per cent. Compensating for this, however, was the lower prices of raw materials imported for Sweden's important manufacturing industry.

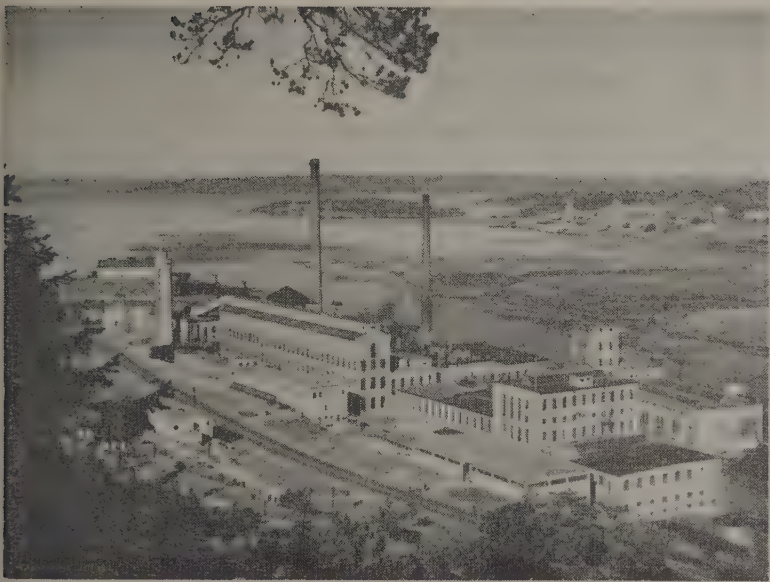
In recent months business activity has declined and unemployment has risen. Should export demand slacken further—and this is possible because Sweden's export staples, iron ore and forest products, are sensitive to world market fluctuations—then the economy would certainly be affected. Swedish businessmen are inclined to be pessimistic about the future but they generally admit that current conditions are still good.

Here is a brief run-down of Sweden's basic industries:

- *Forest Products*—Swedish exports of lumber in 1957, at 1,052,000 standards valued at 1,100 million kronor, a 9 per cent increase in both quantity and value over 1956, were the largest since 1929. Towards the end of 1957 and early this year, sales were levelling off because of very large Russian offerings in Sweden's traditional market, the United Kingdom. In recent weeks business has picked up, however, and the trade seems to feel that the rate of exports for this time of the year is satisfactory.

Wallboard production and exports increased by 13 per cent in 1957. Capacity is being expanded and it is expected that the larger output will all be sold on the export market.

Sweden's markets for wood pulp have not been as good as in 1956 and early 1957, mainly because of declining demand and greater world production. This has led to surplus capacity in Swedish mills and an agreement among makers of unbleached sulphite and sulphate to limit output. Viscose manufacturers have recently reduced prices by £3.0.0. a ton.



The Svartvik pulp mill, near Sundsvall, one unit in Sweden's important pulp and paper industry. The market for wood pulp has deteriorated recently, but newsprint exports are expected to rise in 1958 and production is being increased by 150,000 tons.

The lively demand for paper and board during the first half of 1957 declined in the last half and the market seems to have deteriorated further in the first quarter of 1958. Increased exports of newsprint are expected, however; production capacity is being increased by two new machines with a total annual output of 150 thousand tons.

• *Iron and Steel*—Iron ore production in 1957 went up by 5 per cent to 20 million tons; 90 per cent of this goes abroad, chiefly to West Germany, the United Kingdom and Belgium. Operational changes will preclude any increased production this year; moreover, shrinking markets and the possibility that orders for the whole year may be below expectations do not promise as well for this industry in 1958.

Sweden is a net importer of iron and steel. In 1957 imports went up 22 per cent in volume to 813 thousand tons; exports reached 382 thousand tons. Consumption of iron and steel in Sweden is estimated at 2.15 million tons for 1957. Despite lower consumption and export estimates for this year, capacity is being stepped up; the largest project being undertaken is a plant scheduled for completion in 1961, to produce 300 thousand tons of ships' plates a year.

• *Other Industries*—Production in Sweden's important engineering industries, after rising by 3 to 4 per cent early in 1957, fell in the last quarter and in recent months the number of new orders coming in has declined. International competition is stiffening; one sign is the more liberal credit terms offered by major exporting countries. The Swedish automobile industry was an exception. With continually increasing exports, especially to the United States, the industry is expanding.

In shipbuilding too 1957 was a banner year, with production and exports reaching record levels; 82 ships totalling 644 thousand tons were delivered and 70 per cent of these were exported. Orders on hand at present total 3.7 million tons and the larger shipyards have work for several years.

Agricultural Production Suffers

The year 1957 was a poor one for Swedish agriculture; the harvest suffered from excessive rainfall and both yield and quality were below average. The bread grain crop was 20 per cent below that of 1956 and other crops too were short; imports had to be stepped up and reserve stocks used. For Canada this meant an opportunity to sell wheat, but unfortunately our quality wheats are not in demand in quantity in this country and only small sales have been made.

Imports of fresh apples into Sweden were permitted beginning December 9 and more than 54,700 bushels of Canadian apples found their way to this market. For the first time in many years Nova Scotian apples came into Sweden in quantity and, like the B.C. apples, have been popular. Depending on this year's domestic apple crop, Sweden could again offer good prospects for Canadian exporters.

The Trading Picture

Both imports and exports increased in 1957; exports rose by 10 per cent in volume and 11 per cent in value and imports by 8 and 11 per cent. The trade deficit was about Kr.100 million larger than in 1956, but this was compensated by an increase of more than Kr.250 million in earnings from shipping, a large proportion of which was in dollars. Swedish shipping earnings are to some extent safeguarded by long-term

charters. The government budget for 1958 forecast that the volume of exports would remain about the same as in 1957, but the early months of this year did not justify this expectation.

Sweden's principal trading partners are West Germany, the United Kingdom and the United States, in that order. Imports from the United States in 1957 reached an all-time high of $303.7 million and exports totalled approximately $100.3 million. It is interesting to note that Swedish imports from the United States are at a peak, but her exports to the United States are barely half of their prewar volume.

SWEDISH TRADE IN 1957

(in millions of kronor)

TRADE WITH SELECTED COUNTRIES

	Imports	Exports	Balance of Trade
West Germany	2,768	1,580	−1,188
United Kingdom	1,741	1,996	+ 255
United States	1,609	531	−1,078
Canada	68	74	+ 6

VALUE OF SWEDISH IMPORTS

	1955	1956	1957
Foodstuffs, etc.	1,801	1,888	1,861
Fuel	1,771	2,228	2,300
Textiles	1,205	1,142	1,290
Machines, instruments and means of transport	2,336	2,683	3,162
Base metals and products	1,449	1,529	1,704
Other commodities	1,775	1,964	2,230
Total	10,337	11,434	12,547

Sweden's balance-of-payments position improved in 1957. Total reserves of gold and foreign exchange are on an average approximately equal in value to about 2½ months of Sweden's imports. The reserves now consist almost exclusively of gold and dollars.

Canadian Trade with Sweden

The value of total Canadian trade with Sweden in 1957 reached $27.7 million compared with last year's record exchange of $25.2 million. Canadian exports to Sweden in 1957 were valued at $12.1 million (1956: $7.9 million) and imports into Canada from Sweden at $15.6 million (1956: $17.3 million). The most interesting aspect of our trade with Sweden in 1957 is thus a closer balance between imports and exports than in 1956. Credit for the increased Canadian exports should go mainly to Canadian businessmen who through their efforts have obtained a larger share of the market. A study of the statistics reveals an over-all increase in exports of numerous commodities. Canned foodstuffs, forage crop seeds, synthetic fibres, wallpaper, bars of iron and steel, power saws, nonferrous metals and minerals, among others, all sold in greater quantities in Sweden in 1957. Swedish exports to Canada, as in previous years, covered a wide range of products, mostly in the engineering field.

Trading in This Market

Canadian exporters should keep in mind several characteristics of the Swedish market.

First it should be noted that although Sweden is a country of only 7.4 million, it has the highest income per capita in Europe. Moreover, because of its large export trade, its engineering industries particularly offer a market for raw materials, unfinished products and machinery which is far out of proportion to the size of the country itself.

In many finished products and consumer goods, Sweden tends to be self-sufficient. However, the high standard of living makes the domestic market larger than one might expect. Most imports from dollar countries are free from restrictions and there is a demand here for consumer goods, especially canned foodstuffs, and also for raw materials for industry, some agricultural products, and many others. Swedish standards of quality are high and the Swede is a discerning buyer. Products must meet technical standards and be adapted to his tastes.

Sales to Sweden can be made by correspondence or by personal visits, depending on the product and circumstances. Commission agents, exclusive distributors and direct sales to wholesalers are all used as media. However, this is not an easy market and business will only come to those prepared to work hard for it.

Most Swedish trade is handled by Swedish firms and generally speaking their ability and ethical standards are exceptionally high. It is customary for representatives to be resident in Sweden and of Swedish nationality.

Sweden covers a large area and in some cases it is prudent to have agents in, say, Stockholm and Gothenburg, the two principal trading centres, to ensure ample coverage.

Trade is well organized in Sweden. There are first class organizations, such as the Federation of Swedish Commercial Agents (about 700 members), the Federation of Swedish Wholesalers and Importers, etc. Moreover there are numerous large and important buying organizations, co-operative societies, etc. (See the article "How Sweden Buys Consumer Goods" in the May 24, 1958, issue of *Foreign Trade*.)

Terms vary with different trades; however, cash against documents of 60 days or more is normal. Irrevocable letter of credit terms are not generally acceptable. C.I.F. quotations in U.S. dollars or Swedish crowns are preferred. ●

Large purchases abroad in '57 meant record import balance for

Switzerland

but boom is subsiding. Canadian exports dropped last year, though certain products made substantial gains and prospects, especially for raw materials, continue to be promising.

B. I. RANKIN, *Commercial Counsellor, Berne.*

ALTHOUGH the boom in Switzerland has lost some of its momentum in recent months, during 1957 capacity operations continued, aided by increased expenditures on construction and equipment, higher consumer spending and record exports. It was a year of peak employment: by the end of August 1957, 377 thousand foreigners on work permits were employed in Switzerland, a 16 per cent increase over the same time of the previous year. However, the strain on the labour market has eased appreciably since the last quarter of 1957. This applies especially to the silk and rayon industry and even more to the building trades, where the tightening of the capital market is considerably impeding the flow of fresh orders. This indicates that in Switzerland, as elsewhere, the boom has started to level off. However, the Swiss generally view this slowing-down process as an advantage from the point of view of sound long-term growth.

Business Indicators

At the close of the year most sectors of industry remained well supplied with orders and the further rise in retail turnover over 1956 suggests that incomes too remain high. It is recognized, however, that the situation, and particularly the employment position, could deteriorate rapidly if it should prove impossible to maintain the international competitive position of Swiss industry, threatened as it is by rising costs.

The index of consumer goods prices moved steadily upward during the year to reach 181 by the end of December against 177.4 a year earlier (August 1939 =100). The wholesale price index, however, reflected the decline in world commodity markets and eased to 222.3 at the end of December compared with 225.1 a year earlier.

Most branches of Swiss agriculture did well in 1957. There were exceptions, such as fruit and vegetables, where the spring frosts did serious damage. Wine output was also affected. By contrast the results for field crops were good and particularly the wheat harvest which, unlike the 1956 crop, was also of satisfactory quality and should cover about half the Swiss demand for bread grains.

Trade Surplus a Record

Swiss foreign trade figures are particularly impressive. Compared with 1956, total volume increased by nearly 10 per cent to Sfr.15,161 million. Imports rose by Sfr.850 million to 8,447 million and exports by 510 million to 6,714 million; the balance of imports over exports reached a record Sfr.1,733 million.

In terms of quantity, the increase in imports fell short of that in value, partly because import prices were on the average somewhat higher, but mainly because the proportion of relatively expensive capital goods to total imports was greater. The rise in imports of manufactured goods was in fact especially noticeable. Imports of raw materials and foodstuffs—both sectors of interest to Canada—declined after the first quarter, when they were very large.

The export rise was most marked in products of the metal-using and chemical industries, in spite of the fact that sales of watches and aniline dyes have recently been falling. Sales abroad of the foodstuffs industry also showed a large increase, as did those of the embroidery, hosiery and clothing industries. In other textile trades, however, exports varied greatly between one product and another.

The table on page 34 gives the value of Swiss imports and exports by main trading areas for the years 1955, 1956, and 1957.

Because the excess of imports over exports of some Sfr.1,733 million exceeds the approximately Sfr.1,500 million that Switzerland earns each year from invisible transactions with foreign countries, the balance of payments on current account is likely to show a deficit for 1957 instead of the normal surplus.

Swiss Capital Repatriated

Nevertheless the currency reserves of the Central Bank —which up to mid-May had been compelled to sell gold and foreign exchange totalling Sfr.418 million —increased at the end of the year by 853 million francs

SWISS FOREIGN TRADE

	IMPORTS			EXPORTS		
	1955	1956	1957	1955	1956	1957
EUROPE	(million Swiss francs)					
Belgium	287	370	357	241	277	288
France	770	844	886	385	542	518
West Germany	1,507	1,853	2,193	755	864	961
United Kingdom	333	411	450	298	329	366
Italy	613	726	936	463	503	541
Netherlands	293	350	380	200	252	266
Sweden	93	120	133	183	184	210
Rest of Europe	674	779	781	842	864	976
Europe, total	4,570	5,453	6,116	3,367	3,815	4,126
NORTH AND SOUTH AMERICA						
Argentina	40	55	89	76	79	101
Brazil	53	61	51	104	80	88
CANADA	155	190	150	104	111	128
United States	828	1,001	1,197	649	762	765
Rest of America	260	303	287	335	346	376
America, total	1,336	1,610	1,774	1,269	1,378	1,458
AFRICA	224	221	231	326	273	293
ASIA	239	277	278	537	632	728
AUSTRALIA and OCEANIA	32	36	47	123	105	109
Total	6,401	7,597	8,447	5,622	6,203	6,714

to a new peak of 8,165 million francs. This substantial increase was brought about mainly by the repatriation of Swiss capital invested abroad.

Switzerland remains an important source of capital for Canada. Despite a cautious attitude in recent months towards foreign investment generally, Swiss bankers and managers of investment trusts speak in terms of confidence of Canada as a most desirable market for surplus Swiss capital.

Market for Canadian Goods

Canada's exports to Switzerland in 1957 dropped $8,490,000 to $25,045,000 from the $33,535,000 of 1956. Nearly all this drop resulted from reduced wheat purchases which were valued in 1957 at $12.358 million compared with $19.459 million in 1956—a difference of over $7 million. It should be pointed out, however, that in 1956 wheat imports were abnormally large because of a poor domestic crop. In addition, the second largest item in our trade, copper wire rods, fell in value in 1957 by nearly $2.5 million, although in terms of volume the drop was only about 4½ per cent—offset somewhat by over $900 thousand worth of imports of copper bars, ingots and billets compared with no sales the previous year. Similarly, aluminum purchases dropped by nearly $500 thousand in 1957 compared with 1956, and synthetic resins by $1.7 million.

Although these four items—wheat, aluminum, copper, and synthetic resins—show a reduction in exports to Switzerland in 1957 compared with 1956 of almost $11 million, practically every other item showed an increase—and in some cases quite a substantial one.

Switzerland, virtually devoid of natural resources, is a good market for Canadian raw materials. The high standard of living, bolstered as it is at present by full employment, also makes it an interesting, if rather small, market for consumer goods. The engineering, electrical equipment, and iron and metal goods industries, plus the chemical and pharmaceutical industries, have all had good if not record years and order-books are still well filled. These industries rely on imports of metals, minerals, raw chemicals and other raw materials which Canada has in abundance.

The high level of employment has led to a further increase in retail sales. However, because at the beginning of the year retail traders in general bought more than usual, stocks in hand are estimated to be larger than a year ago.

This free and competitive market should not be neglected. There are no foreign exchange problems and imports are admitted without discrimination and, except for various agricultural products, are almost entirely free from controls. The revised draft customs tariff which is being used as an instrument for negotiation under GATT lists higher duties for many products than the present schedule but it is still a reasonably low tariff. Switzerland, too, in Free Trade Area discussions has adhered rigidly to the view that imports from non-member countries should be admitted as freely as possible.

See also "Trading with Switzerland" in the June 7, 1958, issue of *Foreign Trade*.

Swiss Make Molecular Clock

Swiss scientists in Neuchâtel have produced a clock said to be more reliable than the movements of the earth and more accurate than the quartz clock, until now the best one ever devised by man. The new clock is currently on display in the Swiss pavilion at the Brussels World's Fair.

The experts say it works like this: a jet of ammonia molecules is produced in a high-vacuum tube and these molecules cause vibrations in the tube with simultaneous emissions of radio waves. The frequency of these electromagnetic waves is equal to one of the vibrations of the ammonia molecules (24 billion per second). The radio signal is amplified in a receiving set and then used for the exact measuring (and, if necessary, the automatic correction) of an adjacent quartz clock.

Export and import trade so far this year is maintaining the record pace set in

West Germany

last year; trade surplus is large and gold and dollar reserves strong. Canadian sales in '57 rose 13 per cent above '56 and bid fair to equal this in '57.

J. A. STILES, *Commercial Counsellor, Bonn.*

THE year 1958 should not bring any reversal of the prosperity that has prevailed in West Germany during recent years. The current moderate downturn in output of the coal, steel, and metal-working industries is regarded here as an indication that a period of rapid expansion has ended and one of more normal growth has returned. The Government has announced that, should a serious recession develop, it will not hesitate to make full use of all available means to stimulate the economy, including budgetary measures. The Minister of Economics, Professor Erhard, has reiterated his conviction that there is no cause for alarm and that the current slackening-off in certain industries results from long-term structural changes in demand both at home and abroad.

Prospects Still Encouraging

The chemical industry continues to expand and several of the leading firms are going ahead with substantial investments planned for this year. Activity in the building industry, after a slow start, is again rising and is expected to exceed the 1957 level. The shipbuilding industry, despite a decline in new orders, still has work on hand for several years. Orders for most sectors of the captial goods industry are running above a year ago, primarily because of strong domestic investment demand.

Retail sales in the first quarter of 1958 were approximately 8 per cent above the same period in 1957. Sales of consumer durable goods have increased—particularly of electrical goods such as washing machines, refrigerators and television sets.

Current wage negotiations indicate that 1958 will see some increase in wages which up to now have remained remarkably stable compared with other countries. Steelworkers in the Ruhr have been granted approximately a 5 per cent increase retroactive to February 1st and it is expected that this award will set the pattern for the settlement of other wage disputes.

The 1958/59 Federal Budget (commencing April 1st) provided for expenditures of DM39.2 billion, an increase of DM1.8 billion over the 1957/58 estimates. The budget was based on the expectation that the national product will rise by 7 per cent and a deficit of DM3 billion has been planned for, to be covered by existing cash reserves. A total of DM15.5 billion has been allocated to social welfare, including residential construction, and DM10.7 billion has been earmarked for defence. This is the first year of an extended program of substantial defence expenditures. The Government is being pressured to place more defence contracts locally.

Trade Position Strong

The West German foreign trade position remains strong. Total trade in 1957 reached a record DM67.7 billion, with exports exceeding imports by DM4.3 billion. Both exports and imports for the first quarter of 1958 were higher than for the equivalent period in 1957 and the export surplus of DM916 million on March 31st was DM200 million higher than last year.

The rapid comeback of West Germany in world markets in recent years is reflected in the fact that exports have risen from DM17 billion in 1952 to DM36 billion in 1957. Local businessmen do not regard this as a miracle. They look on it as a natural development that, as reconstruction proceeded, their country resumed its former position in world trade. They stress that, as a densely populated industrial country with comparatively limited resources, West Germany has to import and consequently also to export on a large scale.

Accompanying the rapid increase in West Germany's exports has been a parallel growth in the country's import trade. Between 1953 and 1957 West Germany's purchases from abroad rose from DM16 billion to DM31.7 billion. Approximately half these imports took the form of raw or semi-processed materials for industrial use and a further 32 per cent consisted of food products. Despite progress in developing domestic agriculture, West Germany still depends on outside sources for 32 per cent of the food she needs.

A rural scene in West Germany, with stooked grain in the background. Although West German agriculture has made progress in recent years, the country must import about 32 per cent of its food. Wheat ranks high among Canadian sales.

What Canada Sells Germany

Canada's share of West Germany's import trade increased in 1957 and reached $152 million, up 13 per cent over 1956. Wheat, with shipments valued at $54 million, was again the principal commodity. Other leading Canadian exports were flaxseed, rapeseed, aluminum, iron ore, synthetic rubber, scrap iron, asbestos and nickel. In general, our exports to West Germany in 1957 followed the same pattern as in previous years and took the form mainly of agricultural produce and raw materials for German industry. One exception to this trend was the delivery of a portion of the order for 225 jet aircraft and engines placed at the end of 1956.

The prospects are good that Canadian exports this year will at least reach the 1957 figure. Our wheat shipments may not be as large as last year because of greater West German wheat production. However, this will be offset by further deliveries of Canadian jet aircraft and an anticipated increase in sales of iron ore, nickel, apples, rapeseed and fishmeal. Sales of Canadian mink, muskrat and beaver skins are also expected to develop as a result of a Canadian Government display at the Frankfurt Fur Fair in April.

The agreement signed this year between Canada and West Germany to co-operate in the development of the peaceful uses of atomic energy opens up new possibilities for Canada, particularly in the industrial application of isotopes. The market for various processed foods such as baby foods is expanding and Canadian exporters should study it carefully. Greater use of refrigeration in the home and the trend towards the North American type of supermarket will probably bring changes in local buying habits and a greater use of frozen foodstuffs.

Trading Developments

The entry into force of the Common Market Treaty in January of this year between West Germany, France, Italy, and the Benelux countries has brought numerous inquiries to West German manufacturers from foreign firms considering the manufacture in Europe of their products. This trend appears to be particularly strong in the field of electrical household appliances.

In April a new trade agreement was signed between West Germany and Russia following protracted negotiations. Under this agreement, the present volume of trade between the two countries is expected to increase from DM680 million in 1957 to DM1,260 million in 1960. Russian deliveries are to consist mainly of crude petroleum, timber, grains and metals; German exports will include mainly machinery and ships. Grain shipments from Russia are expected to be confined to feed grains for some time.

The West German foreign exchange position continues strong despite an adverse trade balance with the dollar area. In recent years dollar-area imports have risen faster than exports to these countries but the resulting deficit has been compensated by other current dollar receipts, especially through expenditures made by United States servicemen stationed in Germany and by a surplus in Germany's trade with the rest of the dollar area, excluding Canada and the United States. At the end of March 1958 total gold and dollar holdings amounted to more than $4 billion.

Imports Less Restricted

As a result of her strong exchange position West Germany has been able to remove quantitative import restrictions on an extensive list of commodities. In six steps between February 1954 and January 1958 many commodities, largely non-agricultural, were "dollar liberalized". The import of many agricultural products still remains closely controlled and opportunities to sell them to Germany depend to a large extent on local crop conditions.

Canadian exporters of products requiring special import licences can still obtain useful business from time to time during the periods when licences are being issued under quotas, provided that they have first made arrangements for representation. This is necessary because the period for applying for the licences is frequently very short and allows insufficient time to arrange for a local connection. ●

a progress report on the
European Common Market
and the
Proposed Free Trade Area

The provisions of the Common Market Treaty, which came into force last January, and the steps being taken to implement it are outlined here, and the negotiations looking toward a European Free Trade Area discussed.

WILFRID LAVOIE,
International Trade Relations Branch.

ON January 1, 1958, the Treaty of Rome instituting the European Economic Community (familiarly known as the Common Market) came into force between Belgium, the Netherlands, Luxembourg, France, West Germany and Italy. Now the institutional framework created by the Treaty is progressively taking shape.

The main objective of the Treaty is to create a customs union among its signatories to weld their 160 million people into a single economic community within which goods, people, services and capital will ultimately be free to move, regardless of national frontiers. To achieve it, the Treaty provides for the abolition of customs duties and all other barriers to trade between the member countries. It also provides for the adoption of a common external tariff by all members and a common trade policy towards the outside world. The Treaty also envisages the gradual development of a common agricultural and transport policy and the progressive co-ordination of economic policy. In addition, it provides for the setting-up of new institutions able to translate the Treaty into practice. These institutions are now addressing themselves to the task they have to perform and to the policies they will have to develop to bring the Community into being. The Treaty envisages the creation of this single market, within which trade will eventually flow freely, in a period of between 12 to 15 years.

The possible impact of this new trading arrangement on world-wide trade relationships is of great importance to outside countries and to Canada as a major trading nation. The six countries combined constitute the world's largest trading area with the fastest rate of economic development. Their imports were valued at nearly $25 billion in 1957; some 85 per cent consisted of primary materials. Two of its members—West Germany and France—are among the world's five largest importers. In the four years 1954-1957, the six countries have increased their imports from Canada from $230 million to $402 million by value. However as it now stands the Treaty is still incomplete in many respects and this makes it impossible to arrive at a firm judgment on the possible implications for international trade of its provisions. The Six are making progress in working out the details of their arrangement but a great deal remains to be done.

Internal and External Tariffs

The most significant aspects of the Treaty are those relating to the abolition of internal tariffs between the six countries and the progressive setting-up of a common tariff against imports from outside countries. The first step in the elimination of internal tariffs is scheduled for January 1, 1959, when the Six will proceed with the first reduction of the order of 10 per cent. This will apply to each duty. It will mark the first substantial change in the framework of the trading relations of the six individual countries with the outside world because, by this reduction of tariffs among the Six, the producers of the Common Market will have a 10 per cent tariff advantage over their outside competitors. And the gap in favour of the Six's producers will widen with the implementation of the new tariff reductions. On the second occasion, July 1960, and on subsequent ones, the tariff on dutiable products must be reduced by at least 5 per cent and the over-all incidence of all duties by 10 per cent.

Although the progressive abolition of external tariffs among members is scheduled to start next January, not

Note: The rules regarding the progressive elimination of tariffs were described in a summary of the Treaty which appeared in our issue of June 22, 1957.

before January 1962 will the Six proceed to the first adjustment leading to the setting-up of a common external tariff around the Community. In this regard, the Treaty is incomplete because a large part of the common tariff has not yet been completely worked out and must be negotiated. The Treaty provides for a general method of calculating the common tariff—the arithmetical average of the duties applied by the six countries on January 1, 1957—but it also provides for several exceptions to this general rule. The products concerned are enumerated in seven lists appended to the Treaty. List "G" in particular, which consists of a number of products of interest to Canada, is now being negotiated among the Six. Any judgment on the incidence of the final form of the common market tariff must await the tariff on these important commodities. They account for about $80 million, or 20 per cent, of Canadian exports to the Six and include such important products as synthetic rubber, aluminum and other metals, pulp, timber, salt cod and vegetable oils.

The Six have been asked by members of the GATT to submit their complete common tariff rates before July 1, 1959, to enable each member to make a thorough and detailed analysis of the proposed common tariff and to initiate and complete the required negotiations before the Six take the first step towards achieving it at the beginning of 1962. The question for Canada will be whether the common tariff will maintain the same balance of advantage that Canada enjoyed previously or whether the proposed common tariff will put up new barriers to Canadian trade. Up to 1962, Canadian exports should in general remain subject to the tariff treatment which is currently applied by the six individual countries.

Problem of Agriculture Studied

Another major problem about which the Treaty is not explicit is agriculture. The Treaty points up the objectives that the Six must achieve by the end of the transition period but does not develop the methods needed to implement its general provisions. The ultimate objective is to develop gradually a common agricultural policy during the transition period and to establish what is apparently a managed market. The only concrete provisions deal with the fixing of minimum prices and the organization of a system of preferential purchasing through long-term market arrangements. The members are authorized to use all measures necessary to implement these successfully. In accordance with the Treaty, a conference of member states is to be held in Stresa, Italy, at the beginning of July. The purpose of this conference is to compare their present agricultural policies and to survey their resources and needs as a basis for the formulation of the Common Market agricultural arrangements.

The Canadian position with respect to the Ron Treaty instituting the Common Market was stat the Minister of Trade and Commerce in a speech given during the annual session of the GATT at Geneva in October 1957. Mr. Churchill sai

"Canada enjoys friendly and mutually beneficial trading relationships with each of the six countrie and, on its side, will make every effort to conti them. The Canadian Government would be concerned if the efforts of the Six to achieve thei Customs Union were to divide us and to weaken the structure of trading relationships which has built up since the war."

The Minister went on to indicate some of the points of the Treaty which cause concern:

"With regard to the common tariff, while there still doubt about the proposed levels, it appears possible that in important respects the new custo duties may turn out to be higher or more restr than the general incidence of duties at present.

Association of Overseas Territories

Under the Treaty the French and Belgian oversea territories will become part of the Common Marke The fact that producers in these overseas territorie will be able to enjoy the benefits of the European Com mon Market behind eventual high tariffs raises crucia problems for other traditional suppliers of competitiv products. These outside countries are largely unde developed and must in most cases rely for their pros perity on one or a few export commodities. Thes problems have been examined by a working party i the GATT in an effort to foresee what damage to th trade of outside countries may result from these Com mon Market arrangements.

Relations with the GATT

Because of its important implications, the creation a European Common Market attracted the seriou attention of those countries which, under the aegis the GATT, have built up close trading relations wit individual countries of the Six, who all belong to th GATT. The creation of a customs union and th establishment of a Free Trade Area are authorize exceptions to the fundamental GATT principle non-discrimination among its members. However, th

The Canadian View

h respect to quantitative restrictions, the idian Government is not at all clear as yet rding the principles to be applied by the cipants in the Rome Treaty in the use of quanti- e restrictions for balance-of-payments reasons. shall seek assurances that the provisions of General Agreement referring to the use of titative restrictions and the exceptions set forth e balance-of-payments provisions will continue applicable to the policies of each of the six rnments. Canada is not prepared to acquiesce rrangements which would have the contrary lopment of common measures of restriction in indefinite time or which might lead to the lopment of common measures of restriction ist outside countries. Nor can we in Canada rstand why such arrangements would be necessary esirable as part of the Customs Union now osed.

h regard to agricultural trade, we recognize that plans have not as yet been agreed, even among the Six. It is apparent, however, that exceptional arrangements are being considered for agricultural trade. If there is to be a protected and regulated system for agriculture involving high tariffs, guaranteed prices, preferential long-term marketing agreements and the use of quantitative restrictions against outside countries, there will be difficulties and conflicts with other Contracting Parties. Canada enjoys important and traditional markets for various agricultural products, particularly wheat, in the six countries. We do not wish to see our access to these markets impaired.

"With regard to the arrangements in the Rome Treaty for the proposed association of certain overseas territories, we recognize the importance which is attributed to this subject by many countries. This is a difficult problem involving numerous potential conflicts of interest and we shall participate constructively and helpfully to attempt to discover acceptable solutions to these issues which are of major importance to so many countries."

GATT has set certain conditions for its approval. The most important is that a customs union should not raise barriers to international trade but promote trade among the member countries. At the first preliminary examination of the Treaty of Rome by the GATT countries last fall, four working parties were set up to report on the implications of the common tariff, agriculture, quantitative restrictions, and the association of the overseas territories. The members of the GATT concluded that they could not yet reach any firm judgment on the compatibility of the Treaty with the provisions of the GATT, and decided that it should be considered further at future meetings. In the meantime, it has been agreed that joint consultations should be held within the GATT to deal with the practical problems arising from the association of overseas territories with the Common Market, with a view to minimizing damage that these arrangements might entail for the trade of outside countries.

Four Institutions to Be Set Up

Since the entry into force of the Treaty last January, the establishment of the new European institutions which will enable the Common Market Community to enter into operation has made rapid progress.

The four major organs of the Community are:

1. The Council, composed of one member from each government and responsible for ensuring co-ordination of the general economic and trading policies of the members and exercising powers of decision.

2. The Commission, the executive organ of the Community and composed of nine members.

3. The Assembly, consisting of 142 representatives of the parliaments of the individual countries.

4. The Court of Justice, the judicial organ of the Community, with seven judges.

Early in January, the Council of Ministers appointed the nine members of the Commission and designated as president Dr. Hallstein of the Federal Republic of Germany. The Commission, which among other things will be responsible for negotiation of the common tariff with third countries, has taken an active part in the negotiations for a Free Trade Area.

A special working group of the Common Market Commission is also carrying out preparatory work for the special conference on agriculture to be held at Stresa, Italy, during the first week of July.

The opening session of the new European Parliamentary Assembly took place March 19 in Strasbourg.

Step by Step

1952 April 25—*Entry into force of the common market with respect to coal and steel among the six countries: Belgium, the Netherlands, Luxembourg, France, West Germany and Italy.*

1955 June—*At a conference in Messina, the six countries decide to begin negotiations to create a common market with respect to all products traded among themselves.*

1956 May—*The Six issue so-called "Spaak Report" and reaffirm their objective of creating a common market.*

July—*The United Kingdom announces its intention to associate itself with the Six through an Industrial Free Trade Area.*

July—*The OEEC Council decides to start studying the creation of a European Free Trade Area.*

1957 March—*The Six sign in Rome the Treaty establishing the European Economic Community.*

October-November—*First examination of the Treaty of Rome by the GATT.*

1958 January 1—*Entry into force of the Rome Treaty.*

April—*Further examination of the Treaty of Rome by the intersessional Committee of the GATT.*

The 142 members of the new Assembly have now been delegated by their national Parliaments but the aim is to have the members elected by direct European universal suffrage. The main functions of the new Parliament are to examine the work of the Commission and to make recommendations to the Council of Ministers. The European Parliament has already set up a special Parliamentary Committee to be responsible for commercial policy and economic co-operation with third countries.

In addition to the four major organs responsible for the implementation of the Community's task, the Treaty provides for an Economic and Social Committee composed of 101 members to advise the Council and the Commission. They represent different branche of the economic and social life of the Community anc serve for four years in an advisory capacity.

As for the ultimate seat of the new capital of Europe a final decision is expected in the near future. In the meantime, the work of the Common Market will continue in Brussels and the Coal and Steel Community will remain at its present Luxembourg headquarter and the European Parliament in Strasbourg.

The European Free Trade Area

The initiative of the Six in creating a customs unior arrangement was bound to raise difficult problem between the Six and the other European members o the OEEC—the United Kingdom, the Scandinaviar countries, Switzerland, Austria, Greece, Turkey, Portugal, Ireland and Iceland. In fact, the Common Marke would introduce permanent trade discrimination i Europe unless all OEEC members were to be associate with the proposed Common Market of the Six. Thes considerations led the United Kingdom to announc as early as July 1956 its intention to explore som form of association with the Six. The OEEC Counci also decided to start studying the creation of a European Free Trade Area comprising the common marke community and the other members of the OEEC. I the proposed Free Trade Area tariffs between member will be abolished as in the new Common Market c the Six. But, in contrast with a customs union, Free Trade Area does not have a common externa tariff but leaves the members free to maintain thei own tariffs against imports from non-Area countrie If these arrangements were to be successful, it woul mean that trade would be flowing freely throughou Europe at the end of the transition period of 12 t 15 years. The Six will have adopted their commo tariff and the other OEEC countries will, in principl have maintained their own tariffs against imports fro non-Area countries.

Although rapid progress has been made in recer months in the negotiations for a Free Trade Area, th negotiating countries may not be able to agree o the final provisions of a full-fledged Free Trade Are arrangement before the end of the year. The negotia tions have, in fact, gone much beyond the scope c the classic concept of a Free Trade Area in that man countries favour an agreement extending far beyon the purely commercial field and covering more gener economic, social and financial problems. Obviousl these preoccupations have made agreement on impo tant issues more difficult. It is recognized, howeve that some sort of an arrangement must be reache before the end of this year if trade discrimination i Europe is to be avoided, since the Six are expected t go ahead with their first reduction on January 1, 195 even though the other group of OEEC countries is n ready to keep step with them.

The negotiating countries have so far achieved their main task of isolating and clarifying the two major problems of most central concern to the negotiating countries: agriculture and the definition of origin.

Agriculture and the Free Trade Area

The question of agriculture has raised difficulties for many countries. In its proposals for a Free Trade Area, the United Kingdom has made it a firm condition that Commonwealth interests in agriculture must be fully safeguarded in the British market. On the other hand, some continental European countries which export large amounts of agricultural products declared that they could not accept an agreement on a Free Trade Area unless agriculture were subject to negotiation. The British proposals for a Free Trade Area are designed to permit U.K. participation in a European Free Trade Area while maintaining the essential features of the Commonwealth preference on the major part of imports from the Commonwealth countries—that is, agricultural products. For all goods other than agriculture, the United Kingdom would be moving progressively towards according European goods the free entry which the Commonwealth countries, in most cases, already enjoy in the British market. The question is important to Canada because, out of total Canadian exports to the United Kingdom of about $800 million a year over the last three years, agricultural products have been running at about $300 million.

The Problem of Origin

The second major question derives from the absence of a common external tariff in a Free Trade Area. There will be varying levels of tariffs around the Area because countries retain their own tariffs in relation to the outside world but there is duty-free circulation throughout the Area. Hence the problem arises of verifying the origin of products circulating within the Area. Most products manufactured in the Free Trade Area countries contain components from outside the Area. Thus, if the benefits of free circulation were to be restricted to products exclusively manufactured from Area resources, this would act as a formidable inducement to all manufacturers and exporters to use Area resources to the detriment of the outside suppliers of raw materials.

The question is how to arrive at rules which do not unduly restrict basic materials from outside the Area but give legitimate protection to Area production. The solution will be important for Canada because Canada's non-agricultural exports to the United Kingdom and other Free Trade Area countries totalled about $692 million in 1957. A large part of this trade consists of basic raw materials and semi-fabricated products from Canada's mining, forest and chemical industries, imported into Europe for further processing and re-export. Restrictive rules of origin would seriously impede this trade.

There seems to be little doubt that a Free Trade Area Convention will eventually be signed because throughout Europe there is a growing recognition of the political and economic desirability of complementing the Community of the Six with a broader arrangement comprising all other European countries. In relation to the outside world, most eventual members of the Free Trade Area also believe that it is vital that these arrangements develop along liberal lines, in view of the far-reaching implications of a trading arrangement among countries accounting for about half the world's trade. ●

For Further Reading

European Economic Community, Treaty of Rome Establishing, and Connected Documents. 1957. 378 p. English edition available from United Kingdom Information Service, 119 Adelaide St. West, Toronto. Price: $1.88 (postage included).

Camps, Miriam. *The European Common Market and Free Trade Area; a Progress Report.* Princeton, N.J., Center of International Studies, Princeton University, 1957. 30 p. (Memorandum No. 15).

The Economist Intelligence Unit Limited. *Britain and Europe: a Study of the Effects on British Manufacturing Industry of a Free Trade Area of the Common Market.* London, 1957. 288 p. Available from the company at 22 Ryder St., London, S.W.1, England. Price: $2.10.

McIvor, R.C. *Canadian Foreign Trade and the European Common Market.* International Journal 13: 1-11. Winter '57-'58. Available from the Canadian Institute of International Affairs, 230 Bloor St. W., Toronto, Ontario.

Organization for European Economic Co-operation. *The OEEC and the Common Market: Why Europe Needs an Economic Union of Seventeen Countries.* By Marc Ouin. Paris, 1958. 32 p.

Towards Freer Trade in Europe. The Economist 185: 24-page insert following page 132, Oct. 12, 1957.

United Nations. Economic Commission for Europe. *Economic Survey of Europe in 1956.* Geneva, 1957: Chapter IV. Plans for Freer Trade in Western Europe. 29 p.

Import Liberalization in Europe

IONA BUDGE, *International Trade Relations Branch.*

This check list shows how the countries with which this special issue deals have liberalized imports from dollar countries and from countries in the Organization for European Economic Co-operation. Apart from the liberalized dollar products, many other goods are also being admitted into these countries from Canada either under quota systems or subject to approval of each transaction.

	Dollar Imports	**OEEC Imports**
Austria	Effective October 15, 1956, Austria liberalized a long list of imports from Canada and the United States. This measure expanded considerably the list of liberalized dollar imports which came into force in July 1955. Import permits are granted freely without quantitative or currency restrictions for the listed goods. Among the liberalized products are some of Canada's major exports to Austria such as synthetic rubber, synthetic resins and crude non-ferrous metals. Many other raw materials and machinery and some consumer goods are also freed.	*Austria took its first step towards OEEC liberalization in July 1953, freeing 36 pe cent of private OEEC imports based on the year 1952. Six further steps in quick succession brought the total to 90 per cen as of January 1, 1958. The list does no include wheat but it includes wood pulp, lumber, various metals, asbestos, etc.*
Belgium-Luxembourg	A significant liberalization of dollar imports on May 26, 1954, expanded the free list of dollar imports almost to the full extent of the OEEC free list. A relatively short list remains of goods subject to import licensing requirements, regardless of their origin; this has been amended several times since May 1954. The latest of these amendments was in September 1957 when a number of products, previously largely automatically licensed, were fully liberalized. At the same time, certain grains and other products were added to the list of goods subject to licensing requirements. Licences are granted freely for most goods under licensing, with no discrimination against dollar imports. Many, but not all, unrestricted imports are also on a common Benelux dollar import list permitting free circulation to the Netherlands.	*On July 1, 1955, Belgium-Luxembourg anc the Netherlands brought into effect a com mon liberalization list for imports fron OEEC countries. As of January 1, 1958 it covered 96 per cent of OEEC import into the Benelux countries based on th year 1948.* *As indicated in the left-hand column, th authorities of Belgium-Luxembourg gener ally do not discriminate against dolla imports in applying import restrictions.*
Denmark	On February 23, 1955, and in four further steps, Denmark liberalized a number of dollar imports, including asbestos, synthetic rubber, lumber, wood pulp, flaxseed, undressed hides and skins, pig iron, ferro-alloys, primary non-ferrous metals, synthetic resins, and certain agricultural machin-	*OEEC liberalization has been in force sinc November 1949. Various additions to th list raised the liberalization to 86 per cer of private OEEC imports as of January 1958 (based on the year 1948). Apa from commodities which have also bee*

	Dollar Imports	OEEC Imports
	ery. However, import licences are granted freely for certain listed dollar goods which have not been liberalized.	*liberalized from dollar countries, the OEEC list includes coarse grains, asbestos, etc. It does not include wheat.*
Finland	During 1956, import licences were granted freely for a list of dollar imports, provided that prices, quantities and qualities were reasonable. On December 18, 1957, the Finnish Government again established a list of products for which import licences are granted automatically, if the goods originate in and are purchased from a country in the dollar area. This list provides liberalization for various dollar imports including whisky, clover seed, asbestos, synthetic rubber and certain machinery. In a further step on April 10, 1958, certain other products including asbestos, artificial fibres, certain chemicals and machinery were added to the list of imports permitted automatic licensing.	*Finland is not a member of the OEEC. However, she admits freely, without licences, certain listed imports from European countries and from some other non-dollar sources. This list is somewhat more extensive than the automatic licensing list for dollar imports.*
France	On June 18, 1957, France re-applied emergency import controls on all dollar goods, thus revoking the liberalization established at the beginning of 1956. As a temporary measure no imports from the dollar area were permitted from October to December 1957. Although this prohibition was relaxed in January 1958, liberalization has not yet been reinstated.	*In February 1952 France suspended its liberalization of OEEC imports which had been in force since 1950. Liberalization was resumed in September 1953 amounting to 8 per cent of private OEEC imports based on the year 1948. The list has since been revised at various times, and was suspended in June 1957. It is reported that France plans new OEEC import liberalization measures, but no details are yet available.*
Germany (Federal Republic)	In several steps between February 1954 and January 1958, Western Germany liberalized extensive lists of dollar imports, including canned salmon, whisky, tobacco, newsprint, lumber, wood pulp, asbestos, base metal waste and scrap, cattle hides, herring oil, rapeseed and linseed oil, various chemicals, farm machinery, various industrial machinery, office machines, several agricultural products, iron oxides, coal and coke, polystyrene, polyvinyl chloride, fur garments, asbestos manufactures, zinc, copper manufactures, aluminum foil.	*Germany implemented OEEC liberalization in October 1949, but suspended it temporarily in February 1951 because of a large EPU deficit. Liberalization was resumed on January 1, 1952, (54 per cent of private OEEC imports into U.S. and U.K. zones based on year 1949). The list has since been expanded at various times and as of January 1, 1958, it amounted to 93 per cent. Like the dollar list, it does not include wheat or other cereals, because they are under state trading.*
Greece	Under a procedure in force since April 1953 and somewhat amended since, most dollar goods are admitted freely into Greece, subject only to the availability of foreign exchange and regardless of their essentiality. Restrictions apply only to wheat, flour and some machinery produced in Greece in sufficient quantities. A few luxury goods enter under quotas.	*No special OEEC list is in force in Greece and the procedure for dollar imports (see appropriate column) also applies to OEEC countries. This procedure represents a liberalization of 95 per cent of OEEC imports, based on the year 1948. An earlier list of liberalized OEEC imports, implemented in December 1949, was temporarily suspended in January 1951.*

	Dollar Imports	OEEC Imports
Ireland	Since October 7, 1954, the Republic of Ireland permits certain goods to be purchased freely from dollar sources, including cereals, cereal products, animal feedingstuffs, animal and vegetable oils and fats, oilseeds, seeds for sowing, hides, skins and timber. Importers may purchase freely most other goods from dollar countries up to a value of £250 every three months. However, there are other import controls which must be complied with. These arise out of the Agricultural Produce (Cereals) Act and similar legislation.	*Ireland has liberalized 90 per cent o private OEEC imports based on the yea 1948. Among the products not include on the list are wheat, coarse grains an automobiles.*
Italy	On August 10, 1954, on April 7, 1956, and again on June 28, 1957, Italy liberalized a number of dollar imports in addition to certain others which had been freed in a series of steps taken since 1946. The liberalized goods are largely industrial raw materials such as synthetic rubber, lumber, base metals and ores, crude asbestos, raw chemicals, hides and skins. Moreover, some other products are also liberalized, including sausage casings, salt cod, inedible tallow, and various types of machinery.	*Italy's liberalization of OEEC import amounts to 99 per cent of private import from OEEC countries based on the yea 1948. The few items remaining unde control include wheat, flour, penicillin an motor vehicles. Italy originally introduce OEEC liberalization in September 1949 freeing 45 per cent of its 1948 OEE imports.*
The Netherlands	Effective June 1, 1954, the Netherlands implemented a common dollar import policy with Belgium and Luxembourg, under which many listed dollar goods may enter any Benelux country freely and circulate within the Benelux territory. The list includes a large number of Canadian export products, including coarse grains, canned salmon, whisky, linseed oil, metal ores, synthetic rubber, lumber, pulp, newsprint, needles, base metals, asbestos and many manufactured goods. The Benelux list is a considerable advance over the Netherlands dollar liberalization implemented in October 1953. Moreover, it is understood that import licences are being granted freely for most goods which are not on the free list.	*On July 1, 1955, the Netherlands an Belgium-Luxembourg brought into effect common liberalization list for imports fron OEEC countries. It covers 96 per cen of OEEC imports into the Benelux coun tries based on the year 1948. The Benelu list for OEEC imports is somewhat mor extensive than the Benelux dollar list.*
Norway	Effective July 1, 1956, and again on April 1, 1957, and January 1, 1958, Norway freed from quantitative restrictions various imports from Canada and the United States including synthetic rubber, flaxseed and clover seed, iron ore and ores of non-ferrous metals, nickel-copper matte, certain types of machinery, primary and semi-fabricated non-ferrous metals and various other products. Although the liberalization applies to most industrial materials and capital goods, certain manufactured goods such as canned meats, fruits and vegetables, outboard motors, assembled motor vehicles, aircraft and synthetic resins have not been liberalized.	*OEEC liberalization has been in force sinc November 1949. From the original leve of about 50 per cent of private OEE imports based on the year 1948, variou additions have been made to this list an it now amounts to 81.4 per cent of OEE imports. The list includes wheat, coars grains, flour, tobacco, synthetic rubber, lum ber, wood pulp, newsprint, base metal agricultural and industrial machinery, radi receivers, etc.*

	Dollar Imports	OEEC Imports
Portugal	Since August 6, 1955, import licences have been granted freely for certain listed dollar imports including wheat, canned fish, whisky, synthetic rubber, various chemicals, crude asbestos, unwrought aluminum and copper, etc.	*In January 1950, Portugal liberalized imports from OEEC countries to the extent of approximately 50 per cent of Portuguese imports from foreign countries. In 1951 the percentage of trade covered was first raised to 60 per cent and then to 75. In January 1952, Portugal suspended all quantitative restrictions on European imports with a few exceptions. In various steps since that time liberalization has been extended to stand at 94 per cent as of January 1, 1958 (base year 1948).*
Spain	All imports from dollar countries require import licences. Dollar imports are largely confined to essential goods not avaliable from non-dollar sources.	*Spain has not liberalized any imports from OEEC countries.*
Sweden	On October 1, 1954, and in various steps since, Sweden freed from restrictions and licensing requirements many dollar imports, including the following items— wheat, rye, flour; synthetic rubber; various ores; bookkeeping, calculating machines and parts; steel plates, sheets, strips; cattle hides; primary aluminum, and polystyrene.	*OEEC liberalization has been in force since January 1, 1950. Additions have been made to this list at various times. The liberalization now amounts to 93 per cent of private OEEC imports based on the year 1948. The list includes lumber, synthetic rubber, and base metals. For a number of agricultural products including bread grains, quantitative restrictions have been suspended since September 1956, for as long as the domestic prices remain within certain fixed limits. The same provisions have applied to imports of such agricultural products from dollar countries since July 1957.*
Switzerland	Since January 1932, various listed imports have been subject to import licensing requirements. Licensing control applies to imports from all sources on a non-discriminatory basis. The list of imports under licence has been revised at various times and comprises now about one-quarter of the items in the Swiss customs tariff. Licences for most commodities are granted relatively freely to established importers. Goods not on this list enter free from control. Many goods of interest to Canada enter freely, including base metals, hides and skins, wood pulp, newsprint, canned salmon, whisky, asbestos. Among goods under licensing requirements are wheat, coarse grains, flour, apples, some lumber, and automobiles.	*No special OEEC list is in force in Switzerland. The procedure quoted in the column on the left also applies to OEEC countries. This procedure represents a liberalization of 91 per cent of OEEC imports based on the year 1948.*

Commodity Notes

Carbide

NORWAY—A new carbide factory, owned by Norsk Hydro, Norway's largest industrial firm, has started production. This factory has a maximum output capacity of about 25,000 tons a year and will provide Norsk Hydro with all the carbide it needs for plastics production—Oslo.

Cement

PORTUGAL—A new cement plant, expected to be completed by the end of the year, will increase total cement output by approximately 25 per cent. At present, production capacity is almost 1.5 million tons, and when the new plant (daily capacity between 1,600 and 1,800 tons) is completed production will reach over two million tons a year. It is claimed that the plant will be the biggest of its kind, with a furnace approximately 540 feet long and 17 feet wide—Lisbon.

Citrus Fruit

SPAIN—Latest reports indicate that Spain's citrus crop for 1957-58 has been excellent, totalling approximately 1.2 million tons. Some 870 thousand tons, valued at about $100 million, have been exported to European markets—Madrid.

Cooking Rice

SWEDEN—The well-known Swedish food canning company, AB Felix, is producing a new quick-cooking rice in collaboration with General Foods of the United States. The new Felix plant which will make the rice was opened recently and will be able to supply the whole European market when it is working at full capacity—Stockholm.

Dried Figs

GREECE—The 1957 dried fig pack in Greece totalled 18,000 metric tons, 8,000 tons less than in 1956. Exports from September 1, 1957, to February 28, 1958, reached 12,164 metric tons (13,568 metric tons during the same period in 1956-57); We Germany, Austria and the United States were th principal buyers. Exporters received 12-13 cents pound F.O.B. Poor drying conditions affected th quality of the crop and there was a higher percentag of rejections on the export markets. To improv prospects, the Government will take measures prohibit the sale of non-fumigated figs—Athens.

Flour

AUSTRALIA—Australia will ship 2,355 tons of flou worth A£100 thousand to Ceylon as a contributio to make up for last year's flood losses. The gift part of Australia's Colombo Plan aid to Ceylon an is in addition to relief sent in December. A£1 million worth of Australian flour already sent Colombo under the Plan has been sold by the Ceylo Government to raise funds mainly for the ant tuberculosis scheme and for renovating old irrigatio works. Australian aid to Ceylon since the Colomb Plan began seven years ago totals A£3.2 millio —Sydney.

Frozen Foods

SWEDEN—Total exports of frozen foods in 19 increased to approximately 5,000 tons against 2,0 tons in 1956. The Findus company of Sweden h had considerable success in Britain (mainly wi frozen vegetables) and has sponsored a series advertising programs on British commercial telev sion. West Germany and the United States also bu frozen foods from Sweden. Frozen gutted cod a Baltic herring from the Swedish south and ea coasts are shipped from Karlskrona to East Germa and Poland—Stockholm.

Furniture

NORWAY—Last year Norway exported furnitu valued at kr.7 million, an increase of about 40 p cent over 1956. These exports went mainly to t United States, the Middle East and Ethiopia. Wi a view to boosting exports, Norwegian firms show

heir products at the recent Cologne Fair and some 0 Norwegian companies participated in a large Norvegian-Swedish furniture fair held in Helsingborg, Sweden, in May. In addition, the West Norway Factories Ltd.—a firm formed by five leading furniture producers—has started a campaign to increase ales in the United States. The group recently held n exhibition at the World Trade Centre in San Francisco—Oslo.

Lumber

FINLAND—During the first quarter of 1958 Finland granted export licences for about 2 million cubic metres of pulpwood compared with 2.3 million for he same period in 1957, and 1.3 million cubic metres of pitprops compared with 1.4 million in the irst quarter of last year. Poles licensed for export otalled 360 thousand against 430 thousand in the irst quarter of 1957; stocks, 391 thousand cubic metres against 128 thousand, and other wood products 109.9 thousand cubic metres compared with 25,000 in the first quarter of 1957—Stockholm.

Nursery Products

NETHERLANDS—Dutch exports of nursery products n 1957 totalled fl.276.9 million, a 5 per cent increase over 1956. Bulb exports rose in 1957 by 3 per cent o fl.192.7 million, flower and plant exports together by 9 per cent to fl.53.4 million, and trees by 11 per cent to fl.30.8 million. West Germany took nursery goods worth fl.69.9 million, Britain (fl.51.1 million), he United States (fl45.1 million), Sweden (fl.32.5 million), Belgium and Luxembourg (fl.14.3 million), France (fl.13.8 million), Switzerland (fl.10.3 million), Canada (fl.9.2 million) and Italy (fl.6.6 million)—The Hague.

Paper and Board

SWEDEN—In 1957 Swedish exports of all types of paper and board totalled 960.2 thousand metric tons compared with 920.5 thousand in 1956. Exports of newprint in 1957 reached 256.9 thousand tons (246.3 housand in 1956), kraft paper 361.5 thousand (362.6 housand), sulphite wrappings 70,329 (68,206), board 6,865 (58,308) and other paper 204.6 thousand 185.1 thousand).

Newsprint exports to West Germany had the iggest rise, increasing from 32,800 to 45,700 tons. Shipments to Brazil also increased substantially to 2,250 tons from 30,400 in 1956, and sales to Argentina rose to 17,400 tons from 9,400 in 1956. Deliveries to the U.K., on the other hand, declined o 44,800 tons from 54,700 and to the U.S. to 200 ons against 15,500 last year. West Germany bought he most kraft paper: 70,950 tons in 1957 against 57,450 the previous year. Britain took 77,300 tons compared with 73,800 in 1956 and increases were also noted in exports to Belgium, Italy and Argentina. Over one third of Sweden's exports of sulphite wrappings went to the United Kingdom, sales increasing to 24,000 tons against 20,600 in 1956. Shipments to West Germany increased from 1,400 tons in 1956 to 4,600. Sweden's largest purchaser of greaseproof paper in 1957 was the United Kingdom (9,330 tons) followed by the Netherlands, Denmark, South Africa and France. In 1957 Sweden's chief customers for cardboard were the United Kingdom with purchases of 12,536 tons and Denmark with 9,557 tons—Stockholm.

NORWAY—Norway's production of paper and board reached some 640 thousand tons in 1957, about 7 per cent more than in 1955, the previous record year. Exports are estimated to have reached a new high of about 400 thousand tons in 1957, an increase of about 10 per cent over 1956. Some 235 thousand tons were used at home, about the same as in the last two years. Britain remained the largest customer but the liberalization of paper and board imports in the U.K. in July 1956 did not lead to the expected increase in Norwegian sales. Exports to West Germany rose considerably, and it is now probably the second customer for Norwegian paper and board—Oslo.

Plastics

WEST GERMANY—Farbenfabriken Bayer AG. will soon be marketing polycarbonate-based plastics which are used mainly in the electrical, textile, pharmaceutical, television, and photographic industries. Plans call for an initial output of 150-200 tons a month and production is expected to increase rapidly—Bonn.

Radios

MAINLAND CHINA—According to Peking, China will produce 750 thousand radios this year, about double the 1957 output. The sets range from four to eight tubes and are of many types, including special ones for use under tropical conditions. Some of these radios were on display at the Canton China Export Commodities Fair which opened April 15, and the portable sets apparently sold in substantial numbers. It is understood that a prototype transistor radio has been produced in Shanghai—Hong Kong.

Sulphate Pulp

SWEDEN—The firm Fiskeby Fabriks AB is to build a new sulphate mill at Skärblacka, west of Norrköping. Construction will begin next spring and

the mill will come into production early in 1962. It will increase the firm's production capacity by about 70,000 tons of sulphate pulp a year, most of which will be exported—Stockholm.

Uranium Oxide

FINLAND—Finnish and Swedish atomic enterprises are negotiating the possible purchase by Sweden of Finnish uranium oxide. Ore from Finland's large uranium resources is expected to be exported in t near future. According to the Finnish Atomic Ener Company, ore mined from a depth of 10 metres h proved to contain 4-10 per cent uranium. T company intends to build a uranium oxide facto scheduled to begin production by the end of 19 and plans to export the oxide in exchange f enriched uranium and machinery for atomic plar —Stockholm.

Trade Commissioners on Tou

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

R. W. BLAKE, formerly Trade Commissioner in Port-of-Spain, Trinidad:

Vancouver—June 16-24
Regina—June 27
Toronto—June 30-July 4

T. F. HARRIS, *Trade Commissioner in Bombay, India:*

Quebec—Sept. 2
Montreal—Sept. 3-9
Toronto—Sept. 10-17
Welland—Sept. 18
Hamilton—Sept. 19
Winnipeg—Sept. 22-23
Calgary—Sept. 24-25
Vancouver—Sept. 26-Oct. 3
Edmonton—Oct. 6

W. J. MILLYARD, formerly Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland:

Vancouver—June 23-27

J. L. MUTTER, Commercial Counsellor in Tokyo, Japan:

Ottawa—June 23-July 4
Montreal—July 7-11

B. I. RANKIN, Commercial Counsellor in Berne, Switzerland:

Toronto—June 9-18
Vancouver—June 24-July 3
Edmonton—July 4

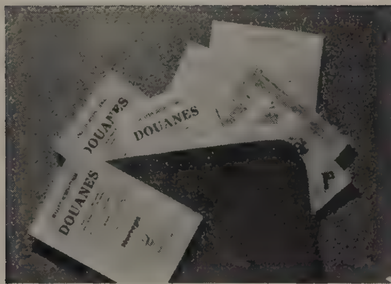
H. W. RICHARDSON, Trade Commissioner in Guat mala City, Guatemala:

Montreal—June 16-27
Winnipeg—July 7-10
Vancouver—July 11-17
Edmonton—July 18-19
Regina—July 21
London—August 4
Brantford—August 5
St. Catharines—August 6
Hamilton—August 7-8
Toronto—August 11-19
Kingston—August 20
Ottawa—August 21-29

M. J. VECHSLER, Consul and Trade Commissior in Detroit:

Edmonton—June 23-24

Businessmen who wish to see these officers sho get in touch with the Board of Trade or Chamber Commerce in the cities mentioned, with the follow exceptions. In Toronto and Winnipeg, the Tr Commissioners make their headquarters at offices of the Canadian Manufacturers Associati in St. John's, Ottawa and Vancouver, at the Depa ment of Trade and Commerce; in Victoria, at Department of Trade and Industry, and in Freder ton at the Department of Industry and Developme



Trade and Tariff Regulations

Brazil

BRAZIL IMPORTS CONTROLS—New norms have been established to tighten control of imports which come within the General Category under Brazil's August 1957 customs and exchange regulations, the category in which close to 90 per cent of Brazil's imports are included. Under Ordinance 145, importers supply exact specifications of goods and their prices when exchange coverage is required for general category imports. The same ordinance instructs customs authorities to pay close attention to prices, weights, measurement and classification of all imports, including luggage and goods brought into the country by visitors and immigrants—Rio de Janeiro, May 16.

South Africa

IMPORT CONTROLS—The Government of South Africa recently announced the introduction of changes in the import control regulations, effective May 2, 1958. Under the new regulations licences will be issued under four classifications:

1. *Goods exempt from import licensing.* The list of goods in this category remains unchanged from the previous licensing regulations.

2. *Goods for which licences will be issued on the basis of sales replacement.* Permits for imports of motor vehicles and assembled motor cars of an F.O.B. cost not exceeding £800 will be issued on the basis of replacement of retail sales of such vehicles. The issue of import permits on a sales replacement basis has been discontinued for all other goods previously included in this category.

3. *Goods for which licences will be issued to registered importers on receipt of a written application.* The importer must also furnish with this application satisfactory information which will justify the issue of the import permit requested. This group includes industrial, agricultural, scientific and medical requirements, artists' materials and liquor. These goods were previously licensed on a sales replacement basis.

4. *Goods, mainly consumer items, subject to quota restriction.* This group is divided into two subsections. Section A includes mainly consumer goods which were formerly on the replacement list. Licences for goods in this category will be issued to a maximum of 90 per cent of imports of similar goods during 1957. Section B includes general merchandise and all other items not included in one of the categories mentioned above. The quota for 1958 for goods in this group was originally fixed at 40 per cent of the basic allocation. A second-round allocation of 10 per cent was made in April of this year bringing the quota for the year up to 50 per cent. Last year the original allocation of 33-1/3 per cent was subsequently increased to 60 per cent of the basic allocation.

The Government has also announced that imports of assembled motor cars of an F.O.B. cost exceeding £800 have been prohibited.

Information on the status of particular products under the South African import control regulations may be obtained from the International Trade Relations Branch of the Department.

Norwegian-Finnish Pulp Plant

At a recent meeting in Helsinki, Norwegian and Finnish officials agreed on a plan to build a sulphate pulp mill in the Syd-Varanger district of northern Norway. The factory will use timber from the extensive forests on the Finnish side of the border and is expected to produce about 60,000 tons of pulp a year. The plan provides for construction of a new road from Kirkenes in Norway to Ivalo in Finland to transport the timber and each country will be responsible for building its own section of the road. The Finns will have free transport along the road and through the port of Kirkenes, and will be granted special quay and warehouse facilities. It is planned that the two countries co-operate to provide the money to build the plant, perhaps by state grants.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.03896.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 9	Units per Canadian dollar	Notes (see below
Argentina	Peso	Official	.05347	18.70	
		Free	.02278	43.90	
Austria	Schilling		.03702	27.01	
Australia	Pound		2.1673	.4614	
Bahamas	Pound		2.7091	.3691	
Belgium, Belgian Empire and Luxembourg	Franc		.01930	51.81	
Bermuda	Pound		2.7091	.3691	
Bolivia	Boliviano	Free	.0001085	9216.58	
British Guiana	Dollar		.5644	1.77	
British Honduras	Dollar		.6773	1.48	
Brazil	Cruzeiro	General Category*	.006536	153.00	*May 28
		Special Category	.003545	282.05	
		Official buying	.05241	19.08	
Burma	Kyat		.2021	4.95	
Ceylon	Rupee		.2032	4.92	
Chile	Peso	Free	.001271	786.78	
Colombia	Peso	Certificate	.1422	7.03	
Costa Rica	Colon	Official	.1714	5.83	
		Controlled free	.1449	6.90	
Cuba	Peso		.9625	1.03896	tax
Czechoslovakia	Koruna		.1337	7.48	
Denmark	Krone		.1393	7.18	
Dominican Republic	Peso		.9625	1.03896	
Ecuador	Sucre	Official	.06417	15.58	
		Free			
Egyptian Region, United Arab Rep.	Pound	Official	2.7639	.3618	
		Export Acct. Selling	2.1851	.4576	
El Salvador	Colon		.3850	2.60	
Fiji	Pound		2.4406	.4097	
Finland	Markka		.003008	332.45	
France, Monaco and North Africa	Franc		.002292	436.30	
French colonies in Africa	Franc		.004584	218.15	
French Pacific	Franc		.01261	79.30	
Germany	D Mark		.2296	4.36	
Ghana	Pound		2.7091	.3691	
Greece	Drachma		.03208	31.17	
Guatemala	Quetzal		.9625	1.03896	
Haiti	Gourde		.1925	5.19	
Honduras	Lempira		.4813	2.08	
Hong Kong	Dollar	Free*	.1659	6.03	*May
		Official	.1693	5.91	
Iceland	Krona	Official	.05910	16.92	
India	Rupee		.2032	4.92	
Indonesia	Rupiah	Effective buying	.03179	31.46	*May 28
		Effective selling	.02543	39.32	
Iran	Rial	Certificate	.01271	78.70	

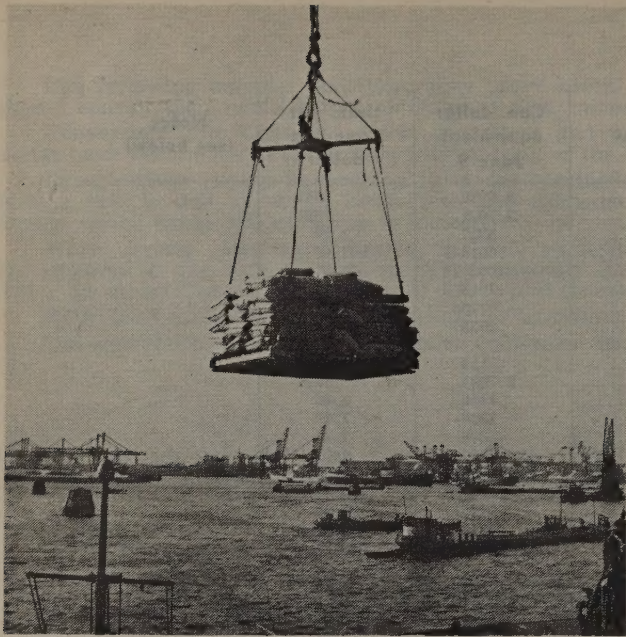
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent June 9	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.6950	.3711	
Ireland	Pound		2.7091	.3691	
Israel	Pound		.5347	1.87	
Italy	Lira		.001545	647.25	
Japan	Yen		.002674	373.97	
Lebanon	Pound	Free	.3043	3.29	
Mexico	Peso		.07700	12.99	
Netherlands	Florin		.2538	3.94	
Netherlands Antilles	Florin		.5114	1.96	
New Zealand	Pound		2.7091	.3691	
Nicaragua	Cordoba	Effective buying	.1458	6.86	
		Official selling	.1366	7.32	
Norway	Krone		.1348	7.42	
Pakistan	Rupee		.2032	4.92	
Panama	Balboa		.9625	1.03896	
Paraguay	Guarani	Official	.008794	113.71	
Peru	Sol	Certificate	.04255	23.50	
Philippines	Peso		.4813	2.08	
Portugal & Colonies	Escudo		.03359	29.77	(8)
Singapore and Malaya	Straits dollar		.3161	3.16	
Spain and Dependencies	Peseta	Controlled free	.02292	43.63	(7)
Sweden	Krona		.1861	5.37	
Switzerland	Franc		.2246	4.45	
Syrian Region, United Arab Rep.	Pound	Free	.2688	3.72	
Thailand	Baht	Free	.04625	21.62	(7)
Turkey	Lira		.3437	2.91	
Union of South Africa	Pound		2.7091	.3691	
United Kingdom	Pound		2.7090625	.369131	
United States	Dollar		.9625	1.03896	
Uruguay	Peso	Free	.1492	6.70	
		Basic buying	.6329	1.58	(7)
		Principal selling	.4587	2.18	
Venezuela	Bolivar		.2873	3.48	
West Indies Fed.	Dollar		.5644	1.77	(9)
	Pound		2.7091	.3691	(10)
Yugoslavia	Dinar		.003208	311.72	(7)

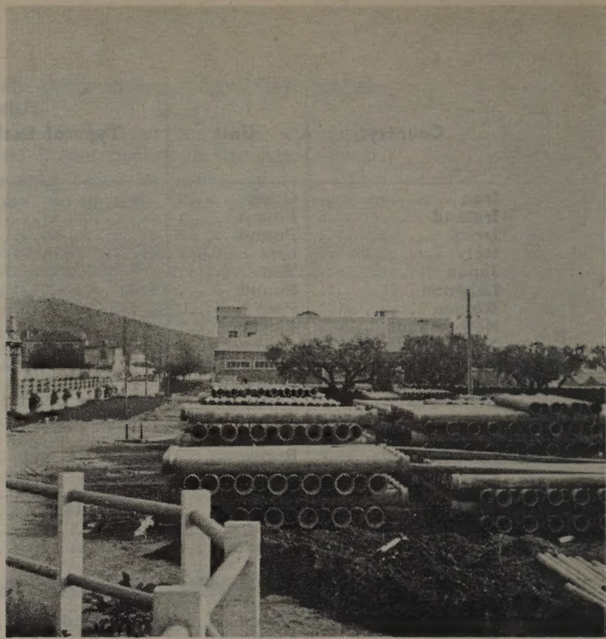
*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
4. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
5. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
6. New Caledonia, New Hebrides, Oceania.
7. Additional rates are in effect.
8. Portugal: approximately same rate for Portuguese territories in Africa.
9. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
10. Jamaica.



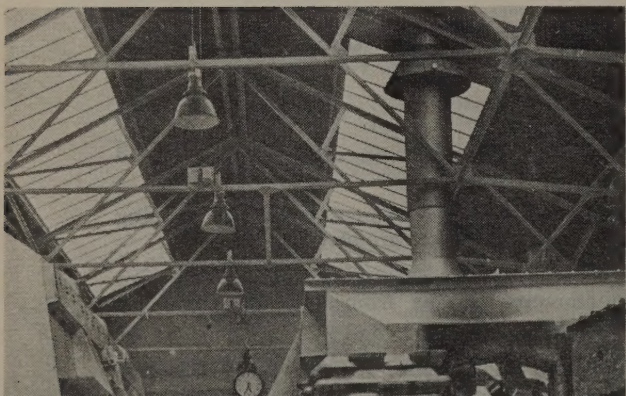
In the Netherlands—High above Rotterdam's harbour swing bags of Canadian polystyrene plastic, part of a shipment being unloaded there for distribution to plastic fabricators in Europe.



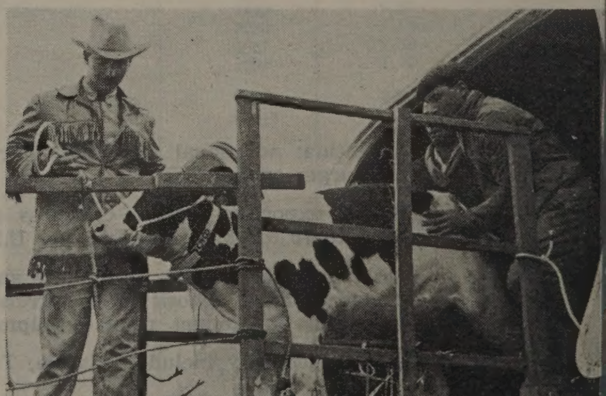
In Portugal—The company which operates this factory ne Lisbon uses asbestos imported from Canada to produce pipir some of which you can see in this photograph piled outsia

Canada in European Markets

Canadian exporters are invited to contribute to this series photographs of the products in use or on sale in foreign markets. Photographs should be adequate captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade



In Ireland—Ingots of Canadian aluminum are fed into one of the melting furnaces in this Irish plant. When the processing is complete, the Canadian raw material will emerge as rod.



In Italy—At Naples airport, one of 35 Canadian Holste Friesians is urged down a ramp to begin the journey to farm of the Societa Generale Delle Conserve Alimentari Ci

Edmond Cloutier
QUEEN'S PRINTER

If undelivered return to:
The Queen's Printer, Ottawa, Canada